Looking Forward to Retirement
Looking Forward to Retirement

by

Derek Manson-Smith

SCOTTISH CONSUMER COUNCIL

THE STATIONERY OFFICE: SCOTLAND
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About the Scottish Consumer Council

The Scottish Consumer Council (SCC) was set up by the government in 1975 and aims to promote the interests of Scottish consumers, with particular regard to those people who experience disadvantages in society.

The SCC has no statutory powers and relies on careful research and persuasive lobbying.

Although partially funded by the government through a grant-in-aid from the Department of Trade and Industry, the SCC is independent of any political party and critically assesses the policies of successive governments using the consumer principles of access, choice, information, safety, redress and representation.

The Council carries out research into the policies and practices of local government, business, industry and the professions and lobbies these bodies, when justified, to improve their services to the consumer.

The work for this book was overseen by the Scottish Consumer Council's Social and Economic Affairs Committee.
Foreword
The Chairman, Scottish Consumer Council

Most of us tend to put off thinking about retirement until we actually get there. Yet our time in retirement can be just about as long as our working lives and could be just as busy and fulfilling. We devote time and energy in preparing for our careers and in planning our progress, surely we should give as much time to thinking about the period in our lives when we may finally be able to do all the things we have never had time for before.

This book takes us through the possibilities of retirement as well as its pitfalls. It describes some of the opportunities which may open up, perhaps through learning new skills or about new subjects, through taking on voluntary work or devoting time to a hobby that was previously only a pipe dream. But it also takes a hard look at the practical realities of retirement, whether it be health, housing or financial planning.

The message is optimistic and positive: there is much about retirement to be enjoyed and taken advantage of. But it is also clear that early planning, particularly in finances, will make a big difference to the extent of the opportunities available.

This book will be helpful for those who are about to retire and has new ideas to offer those who have already retired. But it is just as much for those who wish to plan ahead and make sure that their retirement is at least as fulfilling as their working lives.

Deirdre Hutton

Glasgow, October 1997
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1 Introduction

1.1 A CHANGE IN LIFE STYLE

So you have taken the holiday of a lifetime, sorted out the garden, done the Open University course – now what are you going to do with the next 25 years?

Our expectations of our lifespan are continually advancing though improvements in standards of living, health and health care. In the 1890s a woman could expect to live until she was 46. By the 1990s this had risen to 77 and by the year 2031 it is predicted that there will be 3.4 million people aged 80 and over in the United Kingdom. This is a 60 per cent increase on the number in 1990. Also by the year 2031, 26 per cent of the population will be over pensionable age. With an increasing proportion of older people creating an increasing demand for pensions and health care to support them, there is more and more pressure on individuals to plan their own provision.

Looking forward to retirement is about planning for it sooner rather than later.

The concept of retirement has changed radically over the past two decades. It is no longer simply a matter of stopping work at 60 or 65 and living on a pension provided by the state. For more and more people, retirement can start with early retirement (voluntary or not so voluntary) or with redundancy.

With an increased life expectancy and more flexibility about when you retire, leaving a job does not have to mean the end of your working life. Your ‘retirement’ could last as long as your working life, so you should plan for it and approach it as carefully as you would a new job or career. Planning for retirement should be about looking for fulfilment and not just how to survive.

This Introduction raises the issues that you should be considering in planning for retirement. The subsequent chapters cover them in more detail.
1.2 PERSONAL OBJECTIVES
It is worth spending some time thinking about what retirement means to you. Retirement may be your first real opportunity to achieve some of the ambitions you have never had time for – so think about your personal objectives. Are you ready to give up working or accept redundancy as the end of your working life? Or is this an opportunity to start out on something different? How will you adjust to the change? What are your short-term goals? In the short term, you could do some of those things that you put off for when you had the time. But what about the longer term? And how will your retirement affect the other people in your life?

1.3 FINANCIAL SECURITY
You may be well-off and looking to invest your income and capital in the most advantageous way until you retire. On the other hand, you may have little scope for financial planning but are looking for guidance on your state pension, what you can expect from an occupational pension or personal pension plan, and ways that you might maximise them. Whatever your circumstances, you will need some sort of income to cover the whole period of your retirement. Your income may depend on whether you start a new career, especially if you are made redundant with no immediate job prospects. Whether you carry on working up to the traditional retirement age, take early retirement or are made redundant, the earlier you plan your future finances, the more secure you will be.

When you retire, not only will your sources of income change but so too will many of your normal outgoings. You may well have unavoidable expenses in the future that seem of little importance now, for example, through the need for health care, to support dependent relatives, the need for long-term care and as a result of disability. Planning now can help to mitigate potential problems that might arise. If you look at the section on budgeting in Chapter 3, you will see that some pre-retirement budgeting can be done at any stage in your working life and that this can help to highlight changes ahead and help you with planning your retirement income.
INTRODUCTION

The criteria for eligibility for most state benefits are increasingly shifting the burden of responsibility away from a centralised funding system, funded through taxes and national insurance contributions, back on to the individual. The generations moving towards retirement will have to make more provision for themselves, either through increased personal saving or by putting money aside in insurance-related products, leaving the state to act as a safety net for those who cannot provide for themselves.

Financial planning is neither as simplistic as media articles sometimes suggest, nor as complex as some advisers and professionals make out. The sections of this book that deal with money are intended to demystify the subjects of pensions, insurance and investments by cutting through the jargon. However, they do not replace the need for financial advice and, in appropriate places, you will find signposts on where to go for further information and advice.

1.4 SPENDING YOUR LEISURE TIME
Leaving a pattern of work that has been part of a way of life and making the best of your free time and leisure may take some adjusting to. Perhaps the biggest bonus is flexibility.

As well as having more time to spend on current interests, hobbies, classes and clubs, you will have the opportunity to explore new activities that you did not have the time for before. There is a wide variety of choices to suit most interests and abilities and you may also be able to turn some of your skills into a leisure activity. Once you are over the normal retirement age, there is the added advantage of being eligible for concessions.

You will have more freedom to travel and take holidays at off-peak periods, and you will have the flexibility to take advantage of short-notice offers and to go away for extended periods that were not possible with annual leave entitlements. You may also benefit from concessionary prices and cheaper fares.

1.5 FURTHER WORK OPPORTUNITIES
On retirement, one of your ambitions may be to continue in some form of paid employment. If you do so, you should think about your
LOOKING FORWARD TO RETIREMENT

motives, what you have to offer, whether you want to work full time or part time and the financial implications.

What are your motives – to supplement your income, a fear of boredom, the need for some sense of purpose, companionship, mental stimulation?

What do you have to offer? Assess your abilities, skills and knowledge from the work you have done and from your outside interests, such as hobbies, local politics and voluntary work. Look on your maturity as an asset.

Do you see continuing to work as a long- or short-term activity? Do you want to work in a similar, familiar field, or try for something entirely different?

If you decide to continue working in paid employment, you should consider the possible financial implications on your pension, your liability for national insurance contributions and any state benefits you may be entitled to.

There is an enormous range of activities and groups that depend on voluntary work. Activities range from clerical and administrative work to fund-raising and committee work to working directly with the public. Many require no particular skills or training but simply commitment and reliability. Aside from general voluntary work, there are groups that specialise, for example, in animals, children and young people, conservation, the elderly, health, heritage or politics.

1.6 HEALTH

Maintaining a healthy life style, or developing one, is something you should be doing throughout your life and not just when you retire. There is no substitute for keeping physically and mentally active, eating a healthy balanced diet and having regular medical and dental check-ups.

A change in your life style when you retire can even lead to improvements in your health through a reduction in the pressure and stresses of work and travel to work, and from having an easier pace of life. However, changes do occur as you get older – some of which you will have to live with, and others that you can avoid. You should not just dismiss physical and mental changes as simply the effects of old age as many can be successfully treated.
The more important aspects of your health in retirement will be your diet and fitness, your physical and mental health and making the best use of the information and services that are available to help you to maintain an independent life style for as long as possible.

1.7 HOUSING
Retirement, at whatever age, can be a time for major decisions about where and how you live. You may find that you have more space than you need and a lower income. Should you move to a smaller home that is less costly to run and which releases some capital or has a lower rent? Should you stay put and let out part of your home to increase your income? Should you sub-divide it to produce capital that you can invest or use to adapt your home so that you can remain independent as you get older? How independent do you want to be? You could move in with or set up home with friends or relatives.

You may have a cherished dream of moving to another part of the country or abroad. Moving away from a familiar neighbourhood is a major step when combined with the other changes in your life that come with retirement and needs careful consideration.

For example, moving from the city to the country may be exchanging the rat race for a life of rustic charm, but you may face fewer services and higher fuel and food prices. If you move abroad, you may need to learn a new language and the standards of services and health care and the purchasing power of your pension may be very different from what you are used to.

You should also think about what would happen if you or your partner were to die and leave the other in a strange area and away from friends.

At some stage in your retirement, you may need to find sheltered accommodation or residential care. How will this be financed?

1.8 DEATH
It comes to us all, but death is a subject too often avoided. It is the ultimately stressful experience for those who are left. However, it can be eased in various practical ways and by planning ahead.
LOOKING FORWARD TO RETIREMENT

You should make a will. This will ensure that your wishes are known and properly carried out and will avoid the unnecessary complications that arise if you die intestate.

Planning ahead should also include arranging your affairs to minimise the stress, bereavement and financial worries for your family. You might consider preparing an advance statement about future medical treatment – a so-called living will. This indicates how much medical intervention you would want if, through accident or illness, you are unable to make your wishes known.

You can make known the type of funeral you want – burial or cremation, religious or non-religious service – and you might consider a pre-payment scheme. You may wish to donate your organs for transplantation and, if so, you should make this known.

The grief that follows bereavement is often a time of confusing and difficult emotions. There are a number of organisations that can help with counselling and provide practical help and advice on dealing with bereavement and with rebuilding your life.
2 Personal Objectives

2.1 ARE YOU READY FOR RETIREMENT?
You may have fairly firm views on when you really wish to retire from work. This may be at the age of 60 or 65 – probably linked to pension arrangements or when others expect you to retire. On the other hand, it may be as soon as possible, when you can afford it, or even never. You may have a clear time-frame in mind but have you thought about what you will do with the time that will then become available to you? While you may have clear short- and long-term work goals, you should also draw back and give serious thought to how you will spend what could amount to a third of your life. Some thoughts about your future life style and how you would positively fill the time available helps to focus the mind.

2.2 AMBITIONS AND GOALS
Before thinking about financial planning or when you can afford to retire, it is worth thinking about what retirement means to you. To concentrate your mind, try the exercises below. If you have a partner, get him or her to do them separately, and then compare notes afterwards.

If, what?
- If you had the opportunity, what unfulfilled ambitions do you have?
- If you had to continue to work but could not do so in your present field, what sort of work would you most like to do?
- If you could spend £10,000 on some item or equipment, what would you buy?
- If the day was extended to 29 hours, what would you do with the extra five hours?
- If you won the Lottery, what would you do with the money?
LOOKING FORWARD TO RETIREMENT

Priorities for retirement (score 1–12)

Spend more time with my spouse/partner ...
Spend more time with my children/family ...
More time to myself ...
Expand my social life/time with friends ...
Learn something new/go back to college ...
Get involved in the community/volunteer work ...
Take up a sport/keep fit ...
Expand an existing hobby ...
Take up a new hobby ...
Continue to earn money ...
Travel ...
Others ...

These may not give you answers but they can be the starting point for some serious discussion about what you want out of life. The next step is to try to isolate and distinguish between those things that are dreams and those that are real goals. While there is nothing wrong with dreams, if you want to make them realities then you need to make plans and take action to fulfil them.

2.3 OPPORTUNITIES IN RETIREMENT

Your retirement income may depend on whether you start a new career, either because you are not ready to stop working or because you have been made redundant with no immediate job prospects. You could turn to something entirely different, either as an employee or self-employed, or become a consultant in your existing area of expertise. Retaining former employees as consultants after early retirement or redundancy is becoming increasingly common.

One of your unfulfilled ambitions may be to start up a business. If you have no experience of running a business, you could take on a franchise. These range from Wimpy Bars to Dyno Rod. Starting any new business is risky; you will probably find yourself working harder and longer than ever before; and if you work from home, you will need to have your spouse or partner behind you to avoid creating domestic tensions. However, building up and running a business can be enormously satisfying and rewarding.
As an alternative to paid work, there are many opportunities to make a voluntary contribution to your own community.

Further work opportunities are covered in more detail in Chapter 5.

2.4 ADJUSTING TO THE CHANGE

If you are married or living with a partner, retirement can put pressure on your relationship. Men who have been the breadwinner may be puzzled or hurt by their partner’s reaction to the event. After years of being asked to spend more time with the family, they expect to be made welcome around the home. But some men find their partners less than enthusiastic at the reality of having them disrupt their normal routine. Try to avoid getting into the situation where your partner says ‘You may have retired, but I haven’t’. The same problems can arise for a woman who retires from a career in which her partner has carried out most of the domestic responsibilities. More commonly, both you and your partner will have had a life outside the home during the workday week, and you will both face these problems. Also, apparently new character traits may emerge on retirement, such as an unusual assertiveness, a tendency to give peremptory orders or a fetish for detail. These may simply be part of a professional behaviour that was previously left in the office. Whichever way it happens, after years of seeing relatively little of each other during the working week, retirement creates much more opportunity for togetherness. When working, you have only your spare time to spend together. On retirement there can be an extra 2,000 hours a year together, and that can take some adjusting to. Usually, any problems can be overcome by a willingness to discuss them frankly and work out a solution that suits both of you. This is becoming easier as male and female roles become less stereotyped.

If you are not married, adjusting to retirement can have its own problems. Relatives may impose demands on you once you are no longer working. There may be presumptions by married siblings that you are free to call on in a way that they are not. Your time is as important as anyone else’s and working out an amicable arrangement sooner rather than later can avoid misunderstandings and resentment.

Friendships may come under strain when one friend retires and the other continues working. You may not realise until you retire how
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much you relied on your work colleagues for companionship and your social life. On a more positive note, you will have the opportunity to meet new people and make new friends.

2.5 PRE-RETIREMENT COURSES

It can be helpful to talk to other people about how they plan to tackle or have tackled the challenges and opportunities provided by retirement. Many companies now provide pre-retirement courses. If your company does not do this or if you are self-employed, there are organisations that can provide help and advice. Details are given at the end of this chapter.

If you do take a pre-retirement course, you should give some thought to the best time to take it and the subjects you want to have covered. While many courses are offered between one and two years before retirement, remember that planning for retirement should be a staged process. Some financial decisions, such as those that affect your occupational or personal pension should be taken as early as possible. Others, such as whether to move house or stay put, can be taken after you retire.

A good pre-retirement course should cover: finance, health, further opportunities, leisure, housing and the adjustments that you and your family will need to make when you retire. The most important aspect of the course is not the amount of factual information that it provides but the extent to which it helps to stimulate and focus your thoughts and gets you to discuss these with the other people in your life who will be affected.

Many people who are not looking forward to retirement are surprised at what these courses have to offer and find that they open up new horizons.

2.6 FURTHER INFORMATION

The following organisations provide pre-retirement courses for individuals who enrol independently of company sponsorship.

The Pre-retirement Association (PRA) of Great Britain and Northern Ireland, 26 Frederick Sanger Road, Surrey Research Park, Guildford GU2 5YD, tel: 01483 301170, runs mid-career and pre-retirement
PERSONAL OBJECTIVES

courses for private individuals in London, Guildford, Exeter, Reigate, Leeds and Maidenhead. The PRA also runs a programme of weekend courses in conjunction with the Co-operative College. Details are available from Stanford Hall Enterprises Ltd, Stanford Hall, Loughborough, Leicestershire LE12 5QR, tel: 01509 857212.

The Greater London Association for Pre-retirement, 32 Westbourne Park Villas, London W2 5EA, tel: 0171 221 3020, runs courses for employees considering retirement or facing redundancy within the next five years. Two-day courses are held in the YMCA conference centre (close to the Barbican).

The Retirement Trust, 19 Borough High Street, London Bridge, London SE1 9SE, tel: 0171 378 9708, runs regular monthly seminars in London and will send copies of their retirement briefing to private individuals free of charge. The Trust will also arrange for talks to be given to clubs and associations free of charge anywhere in the United Kingdom.

Jewish Care, Stuart Young House, 221 Golders Green Road, London NW11 9DQ, tel: 0181 922 2407, runs annual, two-day retirement workshops in north-west London and Redbridge. The workshops are free of charge and open to individuals in the community. Topics include financial planning, educational and volunteering opportunities, fitness and life style. Partners are welcome.

The Workers' Educational Association runs courses for people who are approaching retirement or who have taken early retirement. For details of local courses in England and Wales, contact The Workers' Educational Association, National Office, Temple House, 17 Victoria Park Square, London E2 9PB, tel: 0181 983 1515. For details of courses run in Edinburgh, contact The Workers' Educational Association, Riddle's Court, 322 Lawnmarket, Edinburgh EH1 2PG, tel: 0131 226 3456.

The Scottish Pre-retirement Council, Alexandra House, 204 Bath Street, Glasgow G2 4HL, tel: 0141 332 9427, runs courses at colleges in the west of Scotland for older employees and courses in Glasgow on mid-life planning for people in their 40s and early 50s. Details of these courses and on courses run in other parts of Scotland by local pre-retirement councils are available from the Council.
3 Financial Security

Your financial security will impinge on all aspects of your retirement and this is reflected in the emphasis it is given in this book. This chapter covers:

- Budgeting for the changes in your financial status when you retire (3.1).
- Pensions – state, occupational and personal pensions (3.2).
- How you can boost your income in retirement (3.3).
- Financial security for your dependants (3.4).
- Getting financial advice (3.5).
- An overview of the main elements of taxation (3.6).

Contact details and addresses not given in the text can be found in the appendix.

3.1 BUDGETING

Whatever your present financial status, it is almost inevitable that you will have less total income in retirement than you have been used to in your working lifetime. Whether you are about to retire or will not retire for several years, completing a budget planner will help to focus your mind.

If you are about to retire, then completing the budget planner should give you a realistic picture of your future finances. You will probably still have some options open and these figures will show you where you have the greatest flexibility. If you start to live on your retirement income some six months or so before you retire, you will be able to see whether your estimates are broadly correct or need adjustment.

If you will not be retiring for several years yet, there will be more gaps, unknowns and opportunities in the planner. Your figures should
take account of your future earnings until you retire and your final salary, as it is the latter on which your pension may be based. For your pension income, you should not put too much trust in projections that a private pension-plan provider gives you as to what it will be worth in, say, ten years' time. It will look like monopoly money, and could lull you into a false sense of security. What you can do is to input these figures in today's monetary terms, ignoring growth in your salary, fund growth and inflation. This will give you an indication of what you would be getting in today's terms. Employer projections are normally given as a proportion of current salary, for example, £7,500 for someone who would be entitled to half final salary and who is currently earning £15,000. The figures from your budget planner may illustrate where and how you could boost your retirement income (see 3.3), for example, through investments or additional voluntary contributions to your pension.

While your expenditure and income estimates can only be a rough guide, they should indicate whether you need to take action now to avoid a major impact on your standard of living in retirement. If you are self-employed, you will need to assess carefully those items you will still have as expenses that are currently tax deductible but will not be when you retire, for example, your car and telephone. Many self-employed people, or those running their own businesses, substantially underestimate how much they will need on retirement. A question worth asking yourself to give you an idea of the real value of your current tax-deductible business expenses is: if I were to become an employee, what salary would I ask for to take account of any perks that I currently have as a result of running my own business?

After completing the planner, you may decide to spend some money now, while you have it, rather than taking it out of retirement income. Or, you could earmark part of the tax-free lump sum from your pension to pay off capital sums. Some capital or spare income that you have now might be earmarked for:

- finalising HP, credit card and other financial arrangements;
- the purchase of a car;
- expenditure on your home.
LOOKING FORWARD TO RETIREMENT

In general, other than your mortgage, borrowings are expensive and should be paid off at the earliest opportunity. Delay is unlikely to save you any money. However, you should check whether there are penalties for early repayment and, if so, how much.

If you are going to lose the use of a company car, or your own car is close to the end of its life expectancy or beginning to give trouble, an earlier rather than later replacement may be advisable.

Expenditure on your home might best be done sooner rather than later. Changes and improvements, especially to items like central heating, insulation, electrical wiring, if done before you retire might help your cash flow later. However, take care not to make enormous changes if you are not sure whether you are going to stay there in the long term.

3.1.1 Possible Savings

While your earned income may drop when you retire, or stop altogether if you stop working, there are financial perks to retirement. For example, you may no longer have to pay national insurance contributions (currently from the age of 60 for women and 65 for men); you may be in a lower tax bracket (from the age of 65); you will be eligible for various benefits from the age of 60, such as concessionary travel, free NHS prescriptions, cheaper entrance to the

<table>
<thead>
<tr>
<th>Table 3.1 POSSIBLE SAVINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td><img src="image" alt="Estimated monthly savings" /></td>
</tr>
<tr>
<td>National insurance contributions</td>
</tr>
<tr>
<td>Pension payments</td>
</tr>
<tr>
<td>Travel to work</td>
</tr>
<tr>
<td>Lunches</td>
</tr>
<tr>
<td>Work clothes</td>
</tr>
<tr>
<td>Work incidentals, e.g., collections, after-work drinks</td>
</tr>
<tr>
<td>Free NHS prescriptions</td>
</tr>
<tr>
<td>Mature driver's insurance premiums</td>
</tr>
<tr>
<td>Retired householder's insurance premiums</td>
</tr>
<tr>
<td>Life insurance/endowments premiums</td>
</tr>
<tr>
<td>Concessionary travel</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>
cinema and theatre; and your outgoings may decrease through paying off your mortgage and credit agreements and being able to find motor and household insurance with lower premiums. You may also have reduced running costs if you move to a smaller home and expenses for dependent children may cease (but be replaced by a growing number of grandchildren).

3.1.2 Possible Additional Outgoings

You will need to allow for additional outgoings for any extra home comforts you might want and, at some point, for having to pay others to do some of the jobs you would normally do yourself. You will not be able to gauge exactly what you will have to spend on many of these items. Some costs, such as heating, hobbies and so on, will increase as you will probably spend more time at home and you will have more time for 'non-work' activities.

<table>
<thead>
<tr>
<th>Table 3.2 POSSIBLE ADDITIONAL OUTGOINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimated monthly cost</td>
</tr>
<tr>
<td>-----------------------------------------</td>
</tr>
<tr>
<td>Extra heating/lighting bills</td>
</tr>
<tr>
<td>Extra spending on hobbies/entertainment</td>
</tr>
<tr>
<td>Long-term health care</td>
</tr>
<tr>
<td>Private health care insurance</td>
</tr>
<tr>
<td>Replacement of employment perks,</td>
</tr>
<tr>
<td>e.g., expense-account lunches</td>
</tr>
<tr>
<td>Replacement of company car</td>
</tr>
<tr>
<td>Out-of-pocket expenses for voluntary work</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

3.1.3 Sources of Income

Now that you have an idea of what you will need to spend and want to spend, you should assess how these outgoings match up to your expected income. Information on the main elements of income tax are given in section 3.6. If you have any difficulty in understanding the tax system, you should take professional advice. However, you should be able to get an idea of your income after retirement and make provisional plans.
In Table 3.3, it is best to insert in the pensions rows only the income or annuity you will receive after taking out the tax-free lump sum (see 3.2.2, 3.2.3 and 3.2.4), as it is almost always in your interest to take it. The reason for this is that even if the money is reinvested in a (voluntary) annuity, the Inland Revenue treat some of the income as a return on capital and, as a result, it is taxed less. If you have earmarked your cash lump sum for repayment of your mortgage, purchase of a

<table>
<thead>
<tr>
<th>Table 3.3 SOURCES OF INCOME ON RETIREMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A: Income received before tax</strong></td>
</tr>
<tr>
<td>State basic pension</td>
</tr>
<tr>
<td>Graduated pension</td>
</tr>
<tr>
<td>SERPS</td>
</tr>
<tr>
<td>Occupational pension(s)</td>
</tr>
<tr>
<td>Self-employed or personal pension</td>
</tr>
<tr>
<td>State benefits</td>
</tr>
<tr>
<td>Casual or other pre-tax earnings</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
<tr>
<td><strong>Less</strong></td>
</tr>
<tr>
<td>Personal tax allowance and (if applicable)</td>
</tr>
<tr>
<td>married couple's allowance</td>
</tr>
<tr>
<td>The 20 per cent rate tax on the first £4,000 of taxable income</td>
</tr>
<tr>
<td>Basic-rate tax</td>
</tr>
<tr>
<td><strong>Total A</strong></td>
</tr>
<tr>
<td><strong>B: Income received after tax</strong></td>
</tr>
<tr>
<td>Dividends</td>
</tr>
<tr>
<td>Bank deposit-account interest</td>
</tr>
<tr>
<td>Building society interest</td>
</tr>
<tr>
<td>Annuity income</td>
</tr>
<tr>
<td>Other (including earnings subject to PAYE)</td>
</tr>
<tr>
<td><strong>Total B</strong></td>
</tr>
<tr>
<td><strong>Total A + Total B</strong></td>
</tr>
<tr>
<td><strong>Less</strong>: higher-rate tax (if applicable)</td>
</tr>
<tr>
<td><strong>Plus</strong>: other tax-free receipts</td>
</tr>
<tr>
<td>Investment bond withdrawals</td>
</tr>
<tr>
<td>National Savings interest</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td><strong>Total net income</strong></td>
</tr>
</tbody>
</table>
car, special holiday, and so on, it is best to leave it out of the calculations. If you do not spend it on one of these payments, then there will be capital available to invest for income either immediately or for future income.

For information on state benefits, Age Concern publishes an annual guide, *Your rights 1997/98*, which contains current information on Income Support, Housing Benefit, Council Tax Benefit and retirement pensions, including advice on how to claim them, and the *Benefits information pack*, which summarises the main money benefits available for older people and how to claim them. The guide costs £3.99 from bookshops or Age Concern and the information pack costs £1.50 from Age Concern.

3.1.4 Outgoings

Your outgoings will comprise unavoidable outgoings and the normal additional expenditure that you have now. While you may think of

<table>
<thead>
<tr>
<th>Table 3.4 UNAVOIDABLE OUTGOINGS</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Estimated monthly cost</strong></td>
</tr>
<tr>
<td>Food</td>
</tr>
<tr>
<td>Rent/mortgage payments</td>
</tr>
<tr>
<td>Council tax</td>
</tr>
<tr>
<td>Repair/maintenance costs</td>
</tr>
<tr>
<td>Miscellaneous services, e.g., plumber, window cleaner</td>
</tr>
<tr>
<td>Gas/electricity</td>
</tr>
<tr>
<td>Telephone</td>
</tr>
<tr>
<td>TV licence/rental</td>
</tr>
<tr>
<td>Household insurance</td>
</tr>
<tr>
<td>Clothes</td>
</tr>
<tr>
<td>Laundry/dry cleaning</td>
</tr>
<tr>
<td>Domestic cleaning products</td>
</tr>
<tr>
<td>Car, including vehicle licence, fuel, insurance, repairs</td>
</tr>
<tr>
<td>Other transport</td>
</tr>
<tr>
<td>Regular savings/life insurance</td>
</tr>
<tr>
<td>Health/dental care insurance</td>
</tr>
<tr>
<td>Other insurance</td>
</tr>
<tr>
<td>HP/loan repayments</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>


LOOKING FORWARD TO RETIREMENT

Table 3.5 NORMAL ADDITIONAL EXPENDITURE

<table>
<thead>
<tr>
<th>Estimated monthly cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Gifts</td>
</tr>
<tr>
<td>Holidays</td>
</tr>
<tr>
<td>Newspapers/books/videos</td>
</tr>
<tr>
<td>Drink/tobacco</td>
</tr>
<tr>
<td>Hairdressing</td>
</tr>
<tr>
<td>Toiletries/cosmetics</td>
</tr>
<tr>
<td>Pets</td>
</tr>
<tr>
<td>Entertainment/hobbies</td>
</tr>
<tr>
<td>Subscriptions/membership</td>
</tr>
<tr>
<td>Charitable donations</td>
</tr>
<tr>
<td>Other</td>
</tr>
<tr>
<td><strong>Total</strong></td>
</tr>
</tbody>
</table>

holidays as an annual expense, it will help you to compare your monthly income and outgoings if you itemise them the same way. It will also mean that if you have to save up for holidays, you can see how much you will need to put aside each month.

3.2 PENSIONS

The main method of saving towards retirement is some form of pension arrangement. Next to your home, your pension is likely to be your most valuable asset. Indeed, it may be worth more than your home. So, you should plan well ahead to ensure that when you retire, you receive the maximum benefit. A pension can be provided by the state, through an employer-based scheme, or through a personal pension plan for people who are self-employed or who cannot join a scheme at work.

A pension is just another method of saving like any other. However, it is a long-established principle that governments give incentives to people saving for their retirement through a pension plan. The main distinction between a pension plan and other forms of investment is that you get tax relief on input. Subject to certain maximum limits, if you are earning you can invest in a pension plan and deduct the investment from your taxable income.
The effect of this can be seen in Table 3.6, by comparing the figures of two possible investments over a one-year period (for a 23 per cent taxpayer). In simple terms it can be seen that, because you do not pay any tax on the money you put into your pension, a pension plan is easily going to outstrip other forms of investment. In addition, in most cases, part of the money can be taken at retirement as a tax-free cash sum. The balance has to be used to buy a pension annuity (see 3.2.4) which pays you an income for life (on which you pay tax).

**Table 3.6  COMPARISON OF A PENSION PLAN WITH ANOTHER INVESTMENT**

<table>
<thead>
<tr>
<th></th>
<th>Pension plan (£)</th>
<th>Other investment (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>You pay in</td>
<td>100</td>
<td>100</td>
</tr>
<tr>
<td>You pay tax of</td>
<td>0</td>
<td>23</td>
</tr>
<tr>
<td>Balance to invest</td>
<td>100</td>
<td>77</td>
</tr>
<tr>
<td>Investment growth of, say, 10 per cent</td>
<td>10</td>
<td>7.70</td>
</tr>
<tr>
<td>Tax at 20 per cent</td>
<td>2</td>
<td>1.54</td>
</tr>
<tr>
<td>After-tax growth</td>
<td>8</td>
<td>6.16</td>
</tr>
<tr>
<td>Value after one year</td>
<td>108</td>
<td>83.16</td>
</tr>
</tbody>
</table>

However, these figures are not as straightforward as they appear as they do not take account of the costs of setting up a plan. There is usually a longer term commitment to a pension plan than to other investments, and there are now alternative investments that have part, if not all, of the tax-breaks of pension plans, such as tax-exempt special savings accounts (TESSAs) and personal equity plans (PEPs) (see 3.3.3). Higher charges for a pension plan may mean that it will only work hard for you if you can put money into it for several years. As a general rule, if you only expect to be able to contribute for one or two years, you should not start a regular savings pension. Ask about PEPs instead. Or you can elect to pay a single contribution to your pension (i.e., at the end of the tax year) instead. This has all the tax advantages but lower charges than monthly contributions.

The starting point for all financial planning for retirement is to work out how much you will need and when. You can then focus on which investment or pension route to go down.
3.2.1 State Pensions

It is particularly important that you are aware of the changes that have been made to state pensions in recent years, and of what is likely to happen in the future to all state benefits, including pensions.

State pensions are provided on a 'pay as you go' basis. In other words, today's pensions are paid directly out of the income received by the state from national insurance contributions and taxes paid by today's earners.

The proportion of the national income required to fund all Social Security benefits has doubled in the last 40 years, and has increased by more than half in the last 15 years. The numbers of elderly people have increased substantially and will continue to do so, due to the large number of births in the 1950s and 1960s.

It is estimated that the number of retired people will grow by 30 per cent in the next 35 years. At the same time, contributors to national insurance will drop in relation to the number of pensioners. For example, in:

- 1995 there were 2.4 contributors to each pensioner
- 2025 there will be 2.2 contributors to each pensioner
- 2035 there will be 1.7 contributors to each pensioner

What you will receive from the state scheme may be a combination of the basic pension, graduated pension and additional pension.

Basic Pension

The current scheme was introduced in 1978. It consists of two parts—a basic pension and, for some people, an earnings-related additional pension (known as SERPS).

The original objective was to give pensioners a basic income of around 25 per cent of all adults' average earnings (AE), and to keep that relationship constant by regular increases in pension payments. That link has been broken and increases in pension payments are now controlled by the retail prices index (RPI). As earnings usually go up more than prices, the effect has been a decline in the value of the
state pensions, with the basic pension now standing at about 17.4 per cent of all adults' AE. If the link is continued as at present, by 2030 the basic pension will only be worth 10.5 per cent of all adults' AE in that year.

In a nutshell, if you were to retire today, having earned an average wage, were entitled to the full basic pension, and solely relying on that to live on in retirement, your income from the basic pension would drop to 17.4 per cent of its previous level. What is more, your income will drop during the rest of your lifetime when compared with those who are still working. If you were to retire in 2030, your income from the basic pension would drop to 10.5 per cent of what you had earned before. Not a very attractive picture.

For many people, even these figures paint an over-optimistic picture. Although you might see them as woefully inadequate, only 68 per cent of men and 17 per cent of women presently retiring are entitled to even the full basic state pension.

Your entitlement to the basic pension is dependent on your history of national insurance contributions. If you have not paid enough contributions for a full basic pension, you may still qualify for a reduced-rate pension. However, it is possible to have paid too few contributions to qualify for any basic pension at all.

You need to have paid national insurance for about 90 per cent of the years in a working lifetime to qualify for the full basic pension, and you need to have paid contributions for approximately a quarter of those years in order to receive any pension. If you are a man, or a woman born before 6 April 1950, and have paid national insurance contributions for 44 years (for a man) or 39 years (for a woman), you will get the full basic pension. Men will receive their pension entitlement at 65 and women born before 6 April 1950 at 60.

It is self-evident that people who have had long career breaks, periods of unemployment or periods of illness (although credits are made for people who are unemployed or ill and claiming benefit), or who earn very low incomes may find themselves receiving less on retirement. Yet they are often the very people who will be relying most heavily on the state as they will not have had the disposable income to provide for themselves.
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However, there are circumstances when contributions may have been credited even if you have not paid them directly. This may apply if you have lived in a country whose social security system is linked to that in the United Kingdom. Contributions there may count towards your pension if you:

- were sick or unemployed, provided you sent in sick notes to Social Security or signed on as unemployed;
- were a man aged 60-64 and not working;
- were entitled to Maternity Allowance, Invalid Care Allowance or unemployment supplement;
- were taking an approved course of training;
- had left education but had not yet started working.

Home Responsibilities Protection (HRP)
HRP has been available for complete tax years from April 1978. It is intended to help protect the basic retirement pension (and widow’s benefits) of people precluded from regular employment because they were caring for children or a sick or disabled person at home. When your basic pension is worked out, the number of years for which you get HRP is taken away from the number of qualifying years otherwise needed to calculate your pension.

For a full basic pension, however, HRP cannot reduce the number of qualifying years below 20. (From 6 April 2020, when pensionable age for men and women is equalised at 65, HRP cannot reduce the number of qualifying years below 22.) If you have less than 20 qualifying years (22 from 6 April 2020), you may get a reduced pension.

At present, the provisions cover basic pension only. However, arrangements are being made to extend HRP coverage to the additional pension, or State Earnings-related Pension Scheme (see below), for those retiring (or widowed) on or after 6 April 2020.

HRP is awarded automatically if you are in receipt of Child Benefit or if you are receiving Income Support so that you can look after a
sick or disabled person at home, but if you have other care responsibilities you will have to apply for it. If you have to apply, complete form CF411 *How to protect your state retirement pension if you are looking after someone at home*, which is available from the Benefits Agency.

**Graduated Pension**

This scheme no longer exists, but you may have built up entitlement under it while it ran from 1961 to 1975. This was the forerunner to the additional scheme known as the State Earnings-related Pension Scheme (SERPS), which is described below.

The amount you receive from the graduated pension depends on the graduated national insurance contributions you paid during the period the scheme ran. Anyone who was aged over 18 and earned more than £9.00 per week will probably get a small graduated pension. This includes married women and widows with reduced contributory liability. A widow or widower whose spouse dies when they are both over pension age can inherit half of his or her spouse's entitlement.

**Additional Pension**

The additional pension, from the State Earnings-related Pension Scheme (SERPS), is based on earnings since 1978. Additional pension accrues as a result of class 1 national insurance contributions paid as an employee on earnings between the lower and upper earnings limit (in 1996/97 this was £62 to £465 per week). Self-employed people do not normally qualify for this additional pension. The maximum anyone can receive from this scheme is currently about £109 per week.

The original idea behind SERPS was to supplement the basic pension with an earnings-related additional pension paid for out of the extra national insurance contributions. This would be built up over 20 years so as then to provide 25 per cent of a person's average earnings between the base level (the single basic pension) and an earnings ceiling of seven times that level. Those who were in the scheme for longer would have their pension averaged over their best 20 years' earnings.
LOOKING FORWARD TO RETIREMENT

This was dramatically changed – for the worse from the potential pensioner’s point of view – in 1988, and benefits were substantially cut back. Now, only employees who started work at the age of 16 and pay contributions throughout will qualify in full. Although very few people qualify for the full SERPS entitlement, there is often a misconception before retirement that the state will provide more than it actually does.

At the same time as changing the basis for payment of SERPS, the government set up a system of rebates, or incentives, to encourage employers and individuals to ‘contract out’ of SERPS – effectively shifting liability for future pension provision from the state to the individual and insurance companies.

Entitlement
Working out your entitlement to state pension – basic, graduated and SERPS – with all the changes in rules over the years is far from easy on your own. However, help is available and it would be sensible to get a forecast of what state pensions you can expect. Fill in form BR19, which is available from your local Benefits Agency, and send it to the address given on the form. You will be sent details not only of what you have built up and can expect, but also advice on whether there are any steps you could take now to increase your future pension.

If you have any other queries or problems about your state pension or national insurance contributions, contact your local Benefits Agency, and remember to take a note of your national insurance number.

If you believe, come state pension age, that a mistake has been made in your payment, you have the right of appeal. The appeal will be heard by an independent Social Security tribunal.

Many people in the generation coming up for retirement believe that their main source of income will be the state pension. While it is true that many will have to rely on the state for most of their income, particularly those who were on low incomes, few will receive as much from the schemes as they expect.

If you are on a higher income, it is best to view the pensions from the state schemes as a valuable extra benefit or perk of retirement, but not to rely on them to replace the income you will lose when you
stop work. Other forms of financial provision will be essential to maintain your lifestyle.

For further information on state pensions, see section 3.2.6.

3.2.2 Occupational Pension Schemes

A little over half of the working population belongs to an occupational, or employment-based, pension scheme. The value of the scheme to the individual depends almost entirely on the rules of the particular scheme. Until 1988, employers could insist on membership of their scheme as a condition of employment, but now employees have the final decision on whether or not to join. If you are employed and your employer has an occupational scheme, it makes sense to join it as the employer contributes to it as well and, unless you are prepared to match this with a private or personal scheme, you are bound to be better off. There are some schemes – called non-contributory schemes – where all the payments are made by the employer and the employee does not have to pay anything in. These are obviously a very good deal and if you have the chance to join one you should.

The Inland Revenue sets limits on the benefits you can receive from an occupational scheme. The main limits are:

- The maximum pension permitted is two-thirds of your final salary, (excluding state pension).

- If you die, your pension can be passed on to someone else, but no one beneficiary can receive more than two-thirds of it.

- The tax-free lump sum, if you choose to take it, cannot be more than one and a half times your final salary. If you take the lump sum, this will reduce your annual pension.

For a scheme that was set up after 13 March 1989, or an existing scheme that you joined after 1 June 1989, these figures are governed by a pension cap of £84,000 (in 1997/98). This means that the maximum figure for the two-thirds of final salary is £55,450 and the maximum tax-free lump sum allowed is £126,000.

The pension you will get from a scheme will depend very much on the type chosen by your employer.
LOOKING FORWARD TO RETIREMENT

Defined-benefit or Final-salary Schemes

Your employer effectively promises to provide you with a pension that is based on the number of years you work for them and your income on retirement (or averaged over a certain number of years up to retirement). There may be a separate fund to pay for this or it may be sub-contracted to an insurance company or pension provider. They will work out, given the wages, ages, expected turnover of staff, wage-rise predictions and expected investment performance how much money needs to be paid in.

From your point of view, these schemes have very real attractions in that you do not need to worry about how much is being invested or how the investments are performing. You know that you will receive a specific proportion of your salary when you retire.

Some employers with existing final-salary schemes have now stopped them or cut back future benefits, particularly for new members of staff, because of what they see as an open-ended commitment. If wages go up more than expected, or the investment performance is less than anticipated, the employer has to make up the shortfall. But final salary schemes are still by far the most common.

Most of these schemes provide a pension of 1/60ths or 1/80ths of final salary for each year of service. So, under a 1/60ths scheme if you work for the company for 30 years you get a pension that is 50 per cent of your final salary (i.e., 30/60ths); and under a 1/80ths scheme if you work for them for 40 years you get a pension of 50 per cent of your final salary (i.e., 40/80ths). Of course, few employees will achieve these figures from a single employer. What usually happens is that people belong to two or three different schemes because they change jobs, so you might be entitled to 25 per cent of final salary from one employer (i.e., 15/60ths) because you worked for them for 15 years, and 10 per cent of final salary (i.e., 6/60ths) from another for whom you worked for six years.

Because your pension is defined by the scheme rules, there are almost as many variations as there are schemes. Table 3.7 should help you assess how good your scheme is, and what you will eventually get out of it. The benchmark scheme would be a very good scheme,
but even if yours is not quite so generous, it is still likely to be a good deal.

Final-salary occupational schemes work within maximum limits on benefits payable which are set down by law, but these are of little relevance to most people because their benefits will usually be nowhere near the maximum.

<table>
<thead>
<tr>
<th>Table 3.7 COMPARATIVE FINAL-SALARY SCHEMES</th>
</tr>
</thead>
<tbody>
<tr>
<td>Detail</td>
</tr>
<tr>
<td>Pension</td>
</tr>
<tr>
<td>Retirement age</td>
</tr>
<tr>
<td>Final salary</td>
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<tr>
<td>Your contribution</td>
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<td>Employer's contribution</td>
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<tr>
<td>If you die before retirement Life insurance benefit</td>
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<tr>
<td>Widow's (dependant's) pension</td>
</tr>
<tr>
<td>Escalation of widow's pension*</td>
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<tr>
<td>If you survive</td>
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<tr>
<td>Penalty for early retirement</td>
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<tr>
<td>Lump sum at retirement</td>
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<tr>
<td>If you retire early through ill-health</td>
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<td>Reduction for state pension</td>
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<tr>
<td>If you die after retirement Widow's/dependant's pension</td>
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* Escalations of pensions were in place before the Pensions Act 1995 was implemented.
You also need to think about the consequences of being in a so-called ‘non-standard’ situation, where, in the view of the pensions industry, a ‘standard situation’ is a married couple. If the scheme is very generous to widows or widowers and dependants but you are unmarried and have no children, it will be less attractive to you than to one of your work colleagues who is married with children. If you are cohabiting in a heterosexual or same-sex partnership, you should check what your partner’s rights would be. Contact your pension provider and find out their policy on paying out to dependants to whom you are not married. Some employers, for example, British Airways and Virgin, will pay out in these circumstances, so do not assume they would get nothing. Although, in theory, the lump-sum death benefit can be left to whomever you want by leaving instructions with the trustees of the pension fund, remember that the trustees have discretion. Many schemes restrict pensions to widows or widowers and dependants. An unmarried partner might be excluded or need to prove dependency, and this can be a particular problem if your partner is the same sex as you.

Equally, many employees have part of their income based on performance, profit or turnover. If you are paid in this way, you should check whether your bonuses are pensioned, or whether only your basic salary is taken into account.

Assessing your eventual income from an occupational pension scheme is not easy, but the trustees or your company personnel department should give you the information you require if you cannot assess it from the brochure you should have been given when you joined the scheme. If you did not get a brochure, ask for one now. You should also be given a forecast of what the benefits will be for every year.

If you are a woman, you should check whether your normal retirement age is 60 or 65, and whether there are plans to change it in line with the changes in state pension provision.

It may be worth working through one example, as percentages and 1/60ths and so on can be quite confusing. You should match your scheme to the following scenario:
Mark is 55 and has worked for the company since age 35 and has the benchmark scheme in Table 3.7. He is on £20,000 a year. The retirement age is 60.

- If he died today, his widow would receive an £80,000 lump sum, and a pension of £4,166 a year.

- If he decides to retire early and retires now, there would be no penalty, and he would receive a pension of £6,666 a year.

- If he had to retire now through ill-health, he would receive a pension of £8,333 a year.

- If he remains in employment until he is 60, and his income is then £30,000 a year, he will receive a pension of £12,800 a year. Alternatively, he could take a tax-free lump sum and a lower pension.

- If he dies before his wife, she will receive half of what he had been receiving.

- All pensions have escalated by 5 per cent a year or the RPI.

So, even with a good scheme, after up to 25 years' service and depending on when and why he retires, his income will range from 33 per cent to 43 per cent of the income he received when he was working.

It is likely that even Mark will need to make some extra provision for his retirement.

**Common Misconceptions**

Some of the common misconceptions about final-salary schemes are:

- 'I get a lump sum on top of my pension entitlement.' You do not. If you take a lump sum, the pension will be lower.

- 'My scheme is to age 65 but I can retire at 60.' True, but the scheme might charge 4 per cent a year as a reduction in pension, so you would get a 20 per cent lower pension than the one you might expect.
LOOKING FORWARD TO RETIREMENT

- 'The scheme will protect my wife if I die after retirement.' She will normally get the equivalent of life insurance, i.e., three times income, but it is unlikely that she will end up with more than 25 per cent of your retiring salary as an income.

- 'I will get about two-thirds of my salary as a pension.' Too often, on a brief reading of the employer's pension brochure or from newspaper articles, people (particularly those who have been with a company for most of their working lives) are led to believe that they will receive more than they actually retire on. Less than 1 per cent of pensioners who have retired from occupational schemes end up with a 'full' pension.

- 'I will get benefits from the scheme for every year I have worked for the company.' Not necessarily. Many schemes do not let employees join until they are a certain age, or until they have been with the company for a set time – so benefits will be lost. It is the time in the scheme, not in employment, that counts.

- 'I have worked all my life for different employers, all of whom ran pension schemes, so I will get a full pension.' Wrong. Although rules about early leavers have changed, you are likely to have lost out compared with a colleague who stayed with the same company throughout.

Money-purchase Schemes

This is the other main form of pension scheme arranged by employers. Here, instead of getting a defined amount at retirement based on your salary and length of service, a specific amount (usually expressed as a percentage of your salary) is invested each month or year. What you eventually get back will be your contributions and the growth in the investment.

The advantage for your employer is that they do not have to give you an open-ended promise on what something will be worth years ahead. They simply agree to contribute a certain amount. These are often called defined-input schemes to distinguish them from final-salary or defined-benefit schemes.
If you belong to a money-purchase scheme, you lose the right to a set and specific amount at retirement but you usually gain more flexibility and lower penalties on leaving service or taking early retirement. At retirement, whatever capital has been built up will be available as a tax-free lump sum (up to the maximum allowed), with the remainder being paid as an income or annuity (see 3.2.4).

In general, a money-purchase scheme is better if you are likely to change jobs quite often. Defined-benefit schemes work better if you stay in the same job for many years. Small companies, and many large ones, prefer money-purchase schemes to final-salary schemes and they have grown in popularity in the last few years.

So, the amount of pension you will receive depends on:

- How much is invested.
- How long it has been invested.
- How well the investment has grown.
- The annuity rates at the time you retire (see 3.2.4).

There are other employment-based schemes, but those described here are the main types that cover the majority of pension schemes arranged by employers.

For further information on occupational pension schemes, see section 3.2.6.

3.2.3 Personal Pension Plans

If you are in an occupational pension scheme, you are likely to need to invest more if you are going to have the standard of living you want in retirement. If you are employed but your employer does not run a company scheme, then the matter is both more urgent and potentially disastrous if you take no action — you will be entirely dependent on the state to provide. The effects of relying on the state have already been outlined in the section on state pensions (see 3.2.1), and it is likely that the value of state pensions will be further eroded.

There are 2.5 million self-employed people in the United Kingdom but only two-thirds of the men and half of the women have made
provision for their retirement through pension plans, despite the tax and other advantages they offer. Redundancies and early retirement are continuing to boost the number of self-employed people, but too many of them fail to realise that they must take far more positive action to build capital and income for the future.

If you are self-employed, you will also have to replace the value of SERPS that your employed counterparts may receive. With the exception of the state basic pension, you are completely on your own, and it is for this reason that the Inland Revenue is rather more generous with tax relief on personal pension plan contributions. However, the abolition of tax credits on dividends introduced in the July 1997 Budget will reduce the income to pension schemes by removing the tax-free growth of the pension fund. The effect of this, if you already have a personal pension plan, is that you will have to increase your contributions to maintain the same eventual pension. However, most people do not put enough money into their pensions anyway, so the latest changes mean that it is a good idea to look at putting more in. Unless you invest somewhere near the maximum possible throughout your working life, you are unlikely to end up with a pension that would match what you would receive had you been employed by a company that operated even an averagely good pension scheme.

People who are employed but without the benefits of a company scheme, and those who are self-employed, can invest in personal pension plans which are operated on a money-purchase basis. Their objective is to build up a capital sum by retirement, some of which will be available as a tax-free lump sum, the balance being converted into an income (see 3.2.4).

If you are an employee with a company that has a pension scheme, you can in theory invest in a personal pension plan, although it is almost always best to stay in the company scheme because your employer is contributing as well as you. Why turn down free money?

If you are a new employee and already have a personal pension plan, at the moment you cannot continue contributing to the plan and join your employer’s scheme at the same time. However, there are proposals to allow you to convert your personal pension contract into an additional voluntary contribution (or AVC) scheme. This will
let you make some additional contributions without losing out on
the benefit of an employer's scheme. This is not yet law. If you find
yourself in this position, check with your employer and the company
your pension plan is with. They should be able to tell you whether
the changes have been made.

If you made personal pension provision before July 1988, these
plans are called 'retirement annuities' (not to be confused with pension
annuities, which are described in 3.2.4). While you cannot purchase
them now, if you already have one you can put extra money into it.
Because they produce a slightly higher tax-free lump sum, it is probably
worthwhile topping up your existing plan, up to the limits allowed.
The limits on input are lower than those for personal pension plans,
so the balance may need to be invested in a personal pension plan.

If you are an employee, you can put up to 15 per cent of your
earnings into an AVC, but it is on a 'use it or lose it' basis. If you do
not invest that amount within the tax year, you will not have an
opportunity to catch up in future years. You can only put in 15 per
cent if you are not contributing to your company scheme. If you pay
six per cent into the company scheme, you can only put 9 per cent
into your AVC (i.e., 6 per cent + 9 per cent = 15 per cent maximum).

If you are self-employed, the position is different. You can invest
up to a certain percentage of your 'net relevant earnings' (essentially
your gross annual earnings less allowable expenses). The percentage
depends on your age and whether you have a retirement annuity or a
personal pension plan (for details, see 3.6.2). Also, as self-employed
people tend to have more fluctuations in income than employed
people, there is provision to catch up with contributions in more
profitable years. You can ask for your pension contribution to be
treated for tax purposes as if it had been paid in the previous tax year.
This is a useful benefit as you may not know until after the end of the
tax year how much you can afford, or are allowed, to invest. You are
also likely to get the tax relief quicker by electing to have the
contribution 'carried back' to a previous year. If you have not used
your pension allowances in previous years, you can use them this
year. They can be 'rolled up' for a maximum of six years, but you are
limited to the input and the tax relief that would have been available
to you in those years. When income tax rates fall it can be a good idea to use 'carry back' since you will get more tax relief. For example, 25 per cent for a contribution made for 1994/95, rather than 23 per cent now.

If you have two sources of income, which is a growing tendency with the increase in part-time jobs, contract work and consultancy, you can be in an occupational scheme for the part of your earnings that come from an employer, but still invest the appropriate amount of your other earnings in a personal pension plan. If, however, you are only contributing a small amount to a personal pension, look carefully at the charges which can be disproportionately high on small monthly contributions. It might be better to look at other types of savings or to save up and make a single contribution of, say, £1,000 rather than pay £25 a month.

Personal pension plans, unlike occupational schemes, do not automatically give you a package of benefits, such as life insurance and widow's pensions. If you want life insurance and extra money for a widow or widower and dependants if you die, this is an extra cost, although you still get tax relief on these extras. Decisions about how much you want your partner to have if you die after retirement do not have to be made, however, until you retire. This gives you some flexibility and choice that you would not get from a final-salary scheme.

Personal pension plans, as the name implies, are personal to you and you have the choice, within certain parameters, as to how your money should be invested. This can be seen as an advantage or a disadvantage, compared with an occupational scheme where the employer and trustees make the decision.

Although there are a growing variety of hybrid schemes, there are still essentially two types of personal pension plan from which to choose – with-profits and unit-linked plans.

**With-profits Plans**

Here, your money is invested by the plan provider, and they declare a 'bonus' on a regular basis that is added to the value of your plan. Previously, the advantage seemed to be that once the bonus was
added, it could not be taken away. Because providers tried to keep a steady bonus rate, they would keep money in reserve to continue bonuses during poorer periods of investments. Part of the return also comes from ‘terminal’ bonuses which are paid out on retirement. This has led to criticisms that clients could not work out how much they would get and whether what they received as bonuses truly reflected the value of the underlying investments.

While many people in their 50s will have these policies, it is now more usual for with-profits funds to be unit-linked. The bonuses more clearly reflect the investment experience of the plan provider, and distinct charges are set against the plan. The main difference with the traditional plans is that the providers retain the right to re-value the cash-in value of units – downwards as well as upwards.

*Unit-linked Plans*

Changes in traditional with-profits plans came as a result of competition with unit-linked plans through the 1970s and 1980s. The appeal of unit-linked plans was seen to be that ‘you saw what you got’. Charges were specific, although not necessarily lower. Choices of different types of investment were available depending on your age and investment philosophy, and any profit was yours, without money being held back for future generations of policyholders.

Of course, the more volatile the underlying investments, the greater is the risk of you making no money – especially in the short term. If you are older, you should be reasonably cautious, investing some of your money in deposit funds (which effectively reflect interest rates), or mixed and managed funds which are widely-spread investments through property,gilts, shares and cash. An advantage of unit-linked funds is that you can, for instance, when you are coming up for retirement, consolidate a gain that has been made by switching into a cash fund, so that what you will receive at retirement is more predictable. Often the insurance company will do this for you automatically. It is called ‘age phasing’. You can check with your pension company to see if they do this.
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Appropriate Personal Pension Plans
These are directly linked with SERPS (see 3.2.1). By 1988, when it was clear that the original benefits of SERPS could not be sustained, the government introduced the means for people to invest in their own personal pension plans and withdraw from SERPS. Prior to this, employers had been able to contract out of SERPS and provide instead a specific benefit based on final salary. The government now allows individuals to make the decision, and has been keen to encourage contracting-out.

The subject of contracting-out has been controversial. Although most people who have contracted out will be better off as a result, some people will not. Those most at risk are people on low incomes who are not paying into a personal pension (or members of a company scheme).

This subject is considered no further in this book as, if it is relevant to you, you will already have made the decision to contract in or out, either by your employer making the decision on your behalf or by taking out an appropriate personal pension plan. But if you think you may be in the 'at risk' group described above, you should contact the company that arranged for you to contract out and ask them to provide you with an estimate of whether you would be better off by contracting back in.

For further information on personal pension plans, see section 3.2.6.

3.2.4 Pension Annuities
If you have a retirement annuity or personal pension plan, or belong to a contracted-out company money-purchase scheme, or have paid additional voluntary contributions (AVCs) (see 3.3.3), you have to use the majority of the fund that has built up to buy a pension annuity. This is often referred to as a compulsory-purchase annuity.

It is important to understand the distinction between a pension scheme or pension plan and a pension. The scheme or plan provides an accumulated fund of money called a pension fund. You can use this pension fund in two ways:
You can take part of it as a tax-free lump sum – normally 25 per cent of the total fund (30 per cent for some older plans).

The rest must be used to buy a pension annuity – this provides retirement income, i.e., your pension.

You normally buy a pension annuity from a life insurance company. It could be your existing pension scheme or plan provider or it could be a different company. The choice is yours. However, once you have made the choice, you cannot switch annuity provider at a later date. Usually it is best to shop around (called the ‘open market option’) because then you can pick the best buy, i.e., the one that pays the most.

It can be difficult to pick the best buy as the rates offered by life companies can vary by 25 per cent. So the difference between the best and the worst can affect your retirement income by many hundreds of pounds a year. Therefore, before you choose a pension annuity, you must take independent financial advice (see 3.5) from an adviser experienced in this type of work.

For further information, see section 3.2.6.

3.2.5 Divorce

State Pension

If you divorce and are entitled to a full basic pension in your own right, this will not be affected by the divorce. However, if you have paid insufficient contributions for a full basic pension, you may qualify for a single person’s pension on the basis of your former spouse’s contributions. Your right to use your former spouse’s contributions to provide you with a pension or improve your pension depends on your age and whether you remarry before the age of 60.

You can use your former spouse’s contributions towards your pension for the years that you were married. After that, you are expected to make your own contributions until you are 60, unless you remarry. If you are over 60 when you divorce, whether you remarry or not, you can continue to rely on your former spouse’s contributions. If you remarry before the age of 60, your pension will be based on your new spouse’s contribution record.
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As graduated or additional pensions are earnings related, they can only benefit the individual who paid for them.

**Occupational and Personal Pensions**

Since July 1996, the courts have had the power to award payments to a spouse from his or her partner's pension fund on divorce. This is referred to as earmarking, and it allows a spouse – usually the wife – a share of the pension on the pension holder's retirement. If this affects you, it is very important to make sure about your rights:

- Choose a solicitor who specialises in divorce and pensions.
- Ensure that your solicitor gets a proper valuation of the pension rights and sends the earmarking order to the insurance company or pension fund for approval before it is finalised.
- Remember that an earmarking order ends if the spouse with the pension dies or the other partner remarries. A cash settlement made up front and a clean break in lieu of pension rights later may be better than waiting for an earmarking order to come into effect on your former partner's retirement.
- Someone who has an earmarking order must ensure that the pension fund is informed of any changes of address or circumstances, such as remarriage.

Under proposed legislation on pension splitting, you will be entitled to a proportion of your former spouse's pension outright. You will be able to move your share of the pension fund to a new manager, and draw down your pension when you choose, rather than waiting for your former spouse to retire.

**3.2.6 Further Information on Pensions**

The following Department of Social Security leaflets are available free from the Pensions Info-Line on 0345 313233. The line is open 24 hours a day and calls are charged at the local rate. Or you can write to DSS Pensions Freepost BS5555/1, Bristol BS99 1BL:

NP46 A guide to retirement pensions
FB6 Retiring? your pension and other benefits
FB32 Benefits after retirement age
EQP1a Equality in state pension age: a summary of the changes
JSAL6 Over 60. Nearing 60
NI92 Giving up your right to retirement pension to earn extra
NI106 Pensioners or widows going abroad
PEC1 Information about pensions (catalogue)
PEC2 About pensions
PEC3 The 1995 Pensions Act: a guide to the changes
PEC8 Changes affecting occupational pensions contracted out of SERPS
PP1 Thinking about a personal pension?
PP2 Making the most of your personal pension
PP3 Pensions for the self-employed
PP5 Group personal pensions: a guide
PP6 Income withdrawal from your appropriate personal pension
WRP1 Married women: an introduction to state retirement age
WRP2 Divorced women: an introduction to state retirement age
WRP3 Widowhood: an introduction to state retirement age
CA10 National insurance contributions for divorced women

OPAS, the pensions advisory service, helps members of the public who have problems with company pension schemes or personal pension plans. OPAS has a network of volunteer advisers throughout the country who provide free advice. You can contact an OPAS adviser through your local citizens' advice bureau or write to OPAS, 11 Belgrave Road, London SW1V 1RB. OPAS produces an information leaflet about the service and the following free leaflets:

- Getting information about your pension
- Ill-health: early retirement
- Personal pension problems? Where to go for help
- Transferring a pension to another scheme
- What are AVCs?
- Where is my pension?
- Winding up a pension scheme: a guide for scheme members.

Age Concern produces a guide to pension planning for people in mid-career, *The Pensions Handbook*. It is available from bookshops, price £6.50, or from tel: 0131 220 3345 for credit card purchase.
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On pension annuities, you can get further information from two organisations that monitor the rates. The Annuity Bureau Ltd, Enterprise House, 59/65 Upper Ground, London SE1 9PQ, tel: 0171 620 4090, will send you free of charge *You and your annuity* and *Flexible pensions and phased retirement*. Annuity Direct, 27 Paul Street, London EC2A 4JU, tel: 0171 588 9393, produces the following free guides:

*Guide to pension income*
*Ordinary annuities (PLAs): suitable for over 65s*
*Retirement income planning*
*Personal Equity Plans (PEPs) for income or growth*
*Inheritance planning and wills*
*Long-term care and nursing/residential home costs*
*Life and health insurance protection.*

3.3 BOOSTING RETIREMENT INCOME

Once you have worked out your budget and made your retirement plans, you may conclude that you are likely to want or need more money in retirement. The main possibilities for providing extra income are work, your home and investment. Further work opportunities and your home are covered only briefly here as they are covered in more detail in Chapters 5 and 7 respectively.

3.3.1 Work

If you want to continue working, then the best solution may be to stay in your current job, if your employer is agreeable, and defer your pension. However, you may see retirement as an opportunity to try something new, perhaps part-time work or a job share, or to set up on your own. If you do become self-employed or set up a business, you will have start-up costs and it may take two or three years before you start to make a profit.

If you continue working, an added advantage is that you will not have, or reduce, some of the additional outgoings in the budget Table 3.2. Also, if you become self-employed or start up a business, there may be tax advantages and scope for improving your pension.
3.3.2 Your Home

Your main options on your home are moving to somewhere smaller, taking in lodgers or splitting it and raising money on it.

If you sell your present home and move to somewhere smaller, you will raise some capital (assuming you do not move to a higher price area) and reduce your running costs. If you do consider this as a way of boosting your retirement income, you should be realistic about the costs involved — agent's and conveyancing fees and removals costs and possibly redecorating costs in the new home. If you decide to move you may be able to transfer your mortgage to your new home, or you could take out a new one of up to £30,000, even if you could afford to buy outright, so leaving you scope for investment. However, as mortgage interest relief is restricted to 15 per cent, and to 10 per cent from April 1998, you should take independent financial advice before going down this route.

If your children have left home and you have more space than you need, you could take in lodgers or split the house to create a separate flat and sell it to raise capital or let it to provide income. If you split your house, then obviously you will need to take into account the professional fees and builders' costs involved.

Another option is to part-sell your home under a home income plan, either for a capital sum or for regular payments, and continue to live in it. There are advantages and disadvantages in this option and if you do consider it you should first get legal advice.

3.3.3 Investments

How much should you invest? You should invest as much as you can afford, and invest it as soon as possible. However, when deciding what you can afford, remember to keep some money aside for emergencies. It makes sense to keep some money accessible in a building society or bank account.

You may not have much to spare now but there may be times between now and when you retire when spare income might become available for a savings policy, for example, children leaving home, mortgage paid off, or premises no longer required. That may also be
a time to increase your pension payments and, if so, it is better to do it as soon as possible before you spend the money on other things.

Equally, capital may become available from a legacy, a maturing investment such as an insurance policy designed to mature when you retire – these are normally tax free, the sale of a house – free of capital gains tax provided it is your main home, redundancy money or a golden handshake, or the commuted lump sum from your pension. You are allowed up to £30,000 redundancy money tax free. The same usually applies to a golden handshake of up to £30,000 but you may be liable to tax if your employment contract indicates that this is deferred earnings. The maximum you are allowed to take from the commuted lump sum from your pension is one-and-a-half times your final earning, with a limit of £123,300. If you joined a pension scheme before the 1989 Budget, your are allowed a higher tax-free lump sum within the same final-earnings limit.

You may, very wisely, keep an emergency fund in the bank or building society. Ideally, this would be two or three times your monthly income. When you are a long way from retirement, you may not want to have this tied up or locked into an investment that you cannot get your hands on. However, as you get closer to retirement, the need for all the emergency funds may be less. Ask yourself how likely it is that you will need the money before retirement, and how much of it, if any, you could do without.

Of course, even if you have the income or capital, there are limits to how much you are allowed to invest in different types of pensions and certain savings schemes. Investment in pensions is not the only way to build up income or capital for your retirement, although it is the most tax-efficient method of investment, and will provide a larger overall return than other forms of investment.

However, it may be that you have used up all your allowances or have no allowances because you are not in paid employment. Alternatively, you may not wish to build up a sum under the pension rules, because you do not want some of the capital to have to be paid out as income which will then be taxable. This might be particularly applicable if you need or want a specific and large capital sum at some stage for a specific project. But do remember to compare
the likely return on investments on an after-tax basis and do not just buy something because it appears to have a better gross return. Also, if you are a non-taxpayer, make sure that you invest in something where, if tax is deducted at source, it can be reclaimed.

The main forms of investment that you might consider are:

- Improving your pension income through additional voluntary contributions, free-standing voluntary contributions or a personal pension plan.

- National Savings.

- Variable-interest accounts with banks or building societies.

- Fixed-interest investment, such as gilt-edged securities.

- Equities, such as ordinary shares, unit trusts and personal equity plans.

These forms of investment are described briefly below. With the exception of straightforward National Savings, bank and building society accounts, you should get independent financial advice (see 3.3.4 and 3.5) before making any investments. As the Securities and Investments Board (SIB) states: ‘All investment carries some degree of risk, whether relating to business or general economic conditions. The existence of the SIB no more removes the need for investors to pay attention to where they place their money than the existence of the highway code removes the need to look before crossing the road.’

Additional Voluntary Contributions (AVCs)

If you are a member of an occupational pension scheme in the public or private sector, whether it is contributory or non-contributory, you can top up your benefits.

You can invest up to 15 per cent of your pay in total, but this must include any contribution you are already making to your employer’s scheme. What is often not realised is that your pay for these purposes also includes items which may fluctuate, such as bonuses and commissions, as well as the taxable element of fringe benefits, such
as a company car. Most pension schemes do not take all these items into account when your contribution is calculated. So, if your company expects a 5 per cent contribution of your basic pay to the main pension fund, you could contribute 10 per cent of your basic pay and 15 per cent of your taxable other ‘perks’ into AVCs.

The AVCs offered by your employer will take the form of a separate ‘account’ with the scheme. Your employer will collect your extra contributions (along with any you already pay), by deducting the gross contributions from your pay that remains. This ‘net pay arrangement’ means that you get immediate tax relief.

Before you go down this route, you should make sure that you are making the investment in the best way possible for yourself. In a final-salary scheme, it may be that the extra money will buy extra ‘years’ of service, thus boosting your pension and extra benefits. If, after using the analysis in Table 3.7 on page 27 and the questions that followed, you have reservations about your scheme, it may not be the best way forward. For instance, if the scheme is very generous on widow’s or widower’s benefits but you are not married, it would not make sense to invest more money to buy, at least in part, benefits you do not require.

Buying extra years might be a less beneficial option for you – particularly if you are close to retirement – as they can be quite expensive to buy. The scheme actuary (the person who makes the calculations connected with pensions and insurance) may well be conservative in taking into account the cost to the occupational scheme as they may – and will in the future – provide escalations of pensions in retirement. The actuary, or your employer, will be able to tell you, before you make your decision, how many additional years of service you can buy for a given level of contribution.

Alternatively, the AVCs might work on a straightforward money-purchase basis. The extra money you invest, earmarked for you, will be invested with the pension provider used by your company to boost the fund available at retirement for your pension. How much you will get back will depend on how the ‘investments’ do. Pension providers usually give a ‘bulk discount’ to employers for AVCs, so the charges are usually less than for other types of investment.
**Free-standing AVCs**

You can invest extra money outside your main employer scheme in free-standing AVCs. The advantage is that you can choose the pension provider, and the way that the money is invested. The disadvantage is that the charges will normally be higher.

There is one particular advantage in free-standing AVCs if you are contemplating early retirement. If you arrange AVCs through your company scheme, they have to be geared to the retirement age of the main scheme, but if you choose free-standing AVCs, you can select an earlier age.

All AVCs have the same tax advantage as other pensions – tax relief at your highest rate of tax. However, AVCs may not be used to provide tax-free cash, only extra pensions; your employer cannot contribute; only one scheme may be taken out in a tax year; and most company directors are not eligible. They can, however, be used to top up life insurance benefits, if required.

**Personal Pension Plans**

If you are not eligible for an occupational pension scheme, or are self-employed, the most common way to boost your retirement income is to invest in a new, or top up an existing, personal pension plan. These are described in section 3.2.3.

**National Savings**

National Savings offer a wide range of investments, similar to those offered by banks and other financial institutions, that are guaranteed by the government. You can get details of the current range from a leaflet which is available in post offices or by phoning the National Savings Information Unit, tel: 0645 645000, Monday to Friday, 8.30 a.m. to 5.00 p.m. Calls are charged at the local rate.

An advantage of some National Savings for non-taxpayers is that interest payments are automatically paid without deduction of tax.

**Variable-interest Accounts**

Banks and building societies, as do National Savings, offer deposit accounts (banks) and share accounts (building societies). They include
LOOKING FORWARD TO RETIREMENT

basic deposit accounts, high-interest accounts, fixed-term deposit accounts and tax-exempt special savings accounts (TESSAs, see below).

With the exception of TESSAs, which are tax free, and some National Savings accounts which pay interest gross, tax on interest is deducted at source at the rate of 20 per cent. However, you must still declare any interest on your tax return and if you are a higher rate taxpayer, you will have an additional liability. If you are a non-taxpayer, you can have interest paid gross by making a declaration to the bank or building society. For further information, see the Inland Revenue leaflet IR110 A guide for people with savings: how to stop paying tax on your interest; how to claim tax back.

Tax-exempt Special Savings Accounts (TESSAs)

This is a special type of account which is designed to encourage saving. Provided you leave the capital untouched for five years, the interest is paid free of tax. You can invest up to £9,000 over a five-year period, either by regular monthly payments or in certain annual lump-sum payments. For further details, see the Inland Revenue leaflet IR114, Tessa: tax-free interest for tax payers.

The government has announced plans for new 'Individual Savings Plans', which are expected to replace TESSAs from 1999. However, no one yet knows the details of how these individual savings plans will work.

Fixed-interest Investment

In contrast to variable-interest accounts, where the interest rates reflect general interest rates, fixed-interest securities pay a fixed rate of interest, whatever happens to general interest rates. In general, they provide higher income but modest, if any, capital appreciation. They include gilt-edged securities (see below), permanent interest-bearing shares, local authority bonds, debentures and preference shares.

Gilt-edged Securities

Usually known as 'gilts', these are stocks which are issued by the government with a guarantee of the interest payable and the repayment price at the maturity date. The term 'gilt-edged' (or high
quality) goes back to the time when it was more common to leave money in a bank than it is now. The maturity dates can vary from a few months to 20 years or longer, hence the reference to short-dated, medium-dated and long-dated gilts. You can buy them through banks, building societies, a stockbroker or financial intermediary or through National Savings via a post office. You can either retain them until maturity, when the government will repay you in full, or you can sell them on the Stock Exchange at the market price. Income tax is normally deducted at source. An attraction of gilts is that no capital gains tax (see 3.6.7) is charged on any profit you make. However, there is also no relief if you make a loss.

**Equities**

These are stocks and shares which are designed to give you capital growth and a regular income. Investment in equities has become more popular with smaller investors, first, when the government began selling off its holdings in British Telecommunications and BP, and more recently with the spate of building society mergers and floatations, and, second, with the increase in telephone share-dealing facilities. However, equities are risky and you should be cautious about short-term or speculative investments. In the long term, shares in well-known companies are likely to be a good investment but prices can go down as well as up and you should not expect to make a quick killing. Income tax on share dividends and unit trust distributions is at 20 per cent for standard-rate taxpayers and 40 per cent for higher rate taxpayers. In addition, any profits in excess of £6,500 in a tax year are liable to capital gains tax.

**Ordinary Shares**

These are issued by public companies to raise money. By buying shares, you become a shareholder, you own a (minute) part of the business and you receive a share of profits by way of dividends. The day-to-day value of shares is decided by the stock market, depending on the company's performance. While your investment and dividends can increase substantially if the company performs well, your money is
unsecured and if the company performs badly your capital could lose value, or if it goes bankrupt you could lose the lot.

**Unit Trusts**

These are an alternative to buying ordinary shares on the Stock Exchange. Your money goes into a managed fund which is invested in a wide range of shares and other securities. Effectively, you are pooling the risk by buying very small numbers of shares in a lot of different companies. Trusts may specialise in producing high income or maximum capital growth or a mix of both. They are usually less risky than ordinary shares; they are professionally managed so that you do not have to make day-to-day decisions; and every trust has a trustee to protect your interests. But, as with shares, unit trust prices can go down as well as up and you should look on them as a long-term investment. Also, they are not free: you are paying a charge for your money to be pooled, so make sure you know how much the charges are. You can get more information from the Unit Trust Information Service, 65 Kingsway, London WC2B 6TD, tel: 0181 207 1361.

**Personal Equity Plans (PEPs)**

The main advantage of PEPs is that the dividends and capital growth on shares are exempt from both income tax and capital gains tax. You can invest up to £6,000 a year in United Kingdom or European Union shares listed on the Stock Exchange or on the Alternative Investment Market or on any recognised stock exchange in a European Union member state. All your money can be invested in unit trusts or investment trusts, provided that 50 per cent of the holding in such trusts are in United Kingdom or European Union equities. The money has to be invested through an authorised manager, such as a stockbroker, bank, building society or financial intermediary.

In addition to the £6,000 general PEP allowance, you can put up to £3,000 of shares in a 'single-company PEP'. Before doing this, you should check that the charges are less than the income tax you will save by 'pepping' your shares.

The government has announced plans for new 'Individual Savings Plans', which are expected to replace PEPs from 1999. However, no
3.3.4 Investor Protection

Investor protection is currently regulated by the Financial Services Act 1986, which sets out the rules for businesses that offer investment services. The Act also sets out the roles of and rules controlling the Securities and Investments Board (SIB) and a number of self-regulatory organisations (SROs) and recognised professional bodies (RPBs) which are responsible for regulating businesses that operate in the investment sector. The Bank of England Bill announced by the Chancellor of the Exchequer on 20 May 1997 proposes a reform of investment regulation which includes bringing all supervision of investment business within a new single regulator, The Financial Services Authority, from 1999. For the time being, the main features of investor protection that follow are those provided by the 1986 Act.

- Investment businesses must be authorised by their appropriate SRO, RPB or the SIB. Unauthorised operation is a criminal offence. Investment businesses include individuals such as solicitors and accountants giving investment advice.

- Polarisation rules require investment businesses either to promote their own in-house investment products (insurance policies, units trusts, and so on) or to act as independent financial advisers (IFAs) with no vested interest in any product they recommend. The rules are designed to ensure that you know the status of the adviser and that IFAs are free of commercial bias.

- Investment businesses must have and comply with a complaints procedure and provide redress when appropriate.

- Unsolicited approaches are, in general, prohibited. Where they are allowed, and should a sale result, you have a 14-day ‘cooling-off period’ should you decide to change your mind.

- If you are buying life insurance and wish to make a comparison between companies, a financial adviser must tell you what his
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or her remuneration is, including commission (in cash terms), and his or her company's costs and expenses (in cash terms).

- You should be given information on certain 'key features', such as penalties for early surrender, and the basis on which the recommendation is made.

You can contact the Securities and Investments Board at Gavrelle House, 2-14 Bunhill Row, London EC1Y 8RA, tel: 0171 638 1240. The SIB also provides the following publications free of charge: An introduction to SIB, The background to investor protection, How to spot the investment cowboys and The Central Register.

Self-regulatory Organisations

The Personal Investment Authority (PIA), 7th Floor, 1 Canada Square, Canary Wharf, London E14 5AZ, tel: 0171 538 8860, regulates firms, including independent financial advisers, which advise on or market retail investment products or act for private investors in relation to such products. It is the main regulator of firms advising on and arranging deals in life insurance and personal pension plans, unit trusts and investment savings schemes. If you have a problem with an investment company, the PIA will probably be the regulator you should contact.

The Investment Management Regulatory Organisation (IMRO), 5th Floor, Lloyd’s Chambers, 1 Portsoken Street, London E1 8BT, tel: 0171 390 5000, regulates fund management firms, including portfolio managers, pension fund managers, unit trust managers and trustees, investment trust managers and managers of unregulated collective investment schemes.

The Securities and Futures Authority (SFA), Cottons Centre, Cottons Lane, London SE1 2QB, tel: 0171 378 9000, regulates firms involved in all the organised City investment markets, corporate finance specialists and off-market traders.

Recognised Professional Bodies

Certain professionals are allowed to give investment advice provided it makes up only a small amount of their business. They are supervised by:
The Institute of Chartered Accountants in England and Wales, PO Box 433, Chartered Accountants' Hall, Moorgate Place, London EC2P 2BJ, tel: 0171 920 8100.

The Institute of Chartered Accountants of Scotland, 27 Queen Street, Edinburgh EH2 1LA, tel: 0131 225 5673.

The Institute of Chartered Accountants in Ireland, Chartered Accountants’ House, 87/89 Pembroke Road, Dublin 4, tel: 00 353 1 668 0400.


The Law Society of Northern Ireland, Law Society House, 98 Victoria Street, Belfast BT1 3JZ, tel: 01232 231614.

The Institute of Actuaries, Staple Inn Hall, High Holborn, London WC1V 7QJ, tel: 0171 242 0106.

The Insurance Brokers Registration Council, 63 St Mary's Axe, London EC3A 8NB, tel: 0171 621 1061.

Complaints

If you are dissatisfied with any investment product or investment advice, you should first take it up with the company or adviser concerned. All authorised companies are obliged to have a complaints procedure and you may be able to resolve the problem at this level. If you are not satisfied, you can take your complaint to the regulatory body that authorised the company. If you are still not satisfied, you can approach the relevant ombudsman, who will investigate.

For investment products and investment advice, the most likely ombudsman will be the PIA Ombudsman, The PIA Ombudsman Bureau, Hertsmere House, Hertsmere Road, London E14 4AB, tel: 0171 216 0016. The ombudsman deals with complaints against PIA authorised companies: unit trusts, life companies (which include the life insurance divisions of banks and building societies), fund management companies, independent financial advisers, and also insurance salesmen and saleswomen and others who sell personal pension plans. The ombudsman can award compensation for financial loss, distress and inconvenience.
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If, after looking at your complaint, the PIA Ombudsman decides that it should have gone to a different scheme, you will be directed to that scheme.

3.4 FINANCIAL SECURITY FOR YOUR DEPENDANTS

If you survive to a ripe old age, your dependants will have the continuing benefit of your income. However, if you die prematurely, they will have to find ways to replace that income or go without. Life insurance can mitigate this problem.

How much life insurance do you need? This depends very much on your circumstances and your view of your responsibilities. You might take the following factors into account:

- How much income will you receive between now and when you retire in, say, 10 years’ time? If you currently earn £18,000 a year and this increases by 5 per cent a year, you will earn another £208,000 before you retire.
- If you find it hard to manage on your current income, how will your family survive if you are no longer bringing in any money?
- What ages are your children and for how long do you expect them to be financially dependent on you?
- How would your spouse or partner cope within the limits of your current pension and life insurance arrangements?
- Which expenses will stop when you die, and which will continue?
- How would you replace the contribution of a non-working spouse in terms of childcare, household management, shopping, and so on?

The amount and type of life insurance cover you need should also provide a capital sum that would:

- pay off all debts – mortgage, HP, and so on;
- provide a sum which, when invested, would provide an income to replace your current income;
have some scope to produce other income in the future to replace the additional income you would have received through pay rises until you retire.

If the shortfall in income was £10,000 a year, and you have 20 years until retirement, then you should be looking at about £200,000 cover. That amount, if paid out to your dependants, could be invested at about 5 per cent a year and give some scope either for capital growth or further income in the future.

If you are in an occupational pension scheme, you should not necessarily rely on the life insurance lump-sum benefit it provides, because if you leave your employment, either through redundancy or early retirement, the life insurance benefit under the scheme will stop. It would be a mistake to wait until that happened before replacing it. The older you get, the more expensive the insurance will be, and if you have had an illness it will be even more expensive than would be normal for your age.

Also, if you do leave work prematurely, your finances may be stretched and you may not see replacing life insurance as a priority. You would be better advised to take out insurance separately, and in addition to, your pension scheme insurance benefit as soon as possible. However, your occupational scheme may allow you to take over the life insurance and continue the payments if you leave, so you should ask about this first.

Another consideration is when your insurances could reasonably stop. Although your need for insurance may depend on when your children leave home, there is little logic in having a policy that stops at, say, 65. If your family needs a certain level of income if you die when you are 64 and 11 months, it is unlikely that they would not need it two months later.

An advantage of having a good level of permanent cover is that if you have provided for a substantial sum for your spouse or partner, you will have less need to take your pension on the basis that it is paid for both of your lives. You would then be freer to take an income from your pension just on your life, which would give you a higher income on retirement.
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However, whatever level and type of cover you buy will be geared to what you feel you can afford. There is a wide range of life insurance but the main choices will be between term insurance, convertible term insurance and whole life insurance.

3.4.1 Term Insurance
This is the cheapest life insurance you can buy. You pay the insurance company a set amount, and they will pay out if you die before a specific date. If you survive that date, your cover ceases and you have no return on your payments. This type of cover is normally for a capital sum but you can take out a family-income benefit policy that will pay a regular monthly or annual income from the date of your death until you would have been a particular age.

3.4.2 Convertible Term Insurance
This is slightly more expensive but is much more flexible than term insurance. The company agrees that until an agreed date, they will not only pay out if you die but you will have the option to convert the policy into a whole life policy and extend its term.

3.4.3 Whole Life Insurance
Here, the insurance company agrees to pay out whenever you die as long as you keep up your payments. This is the most comprehensive and the most expensive type of insurance because the company knows it will have to pay out eventually. This type of insurance also builds up some cash value. Should you keep the policy going for 15 years and then find that you no longer need the cover, you will get a proportion of your payments back. However, you should never view a whole life policy as an investment. The main purpose of the ‘investment’ is to build up a fund to pay for life insurance when you are older when, for obvious reasons, the cost is much higher.

3.4.4 Increasing Life Cover
While you may need less insurance cover at some time in the future – for instance, when your children leave home or you pay off your mortgage – you may also find that what looks like adequate cover
now may not be adequate in the future. Future pay rises will raise your standard of living, you may have new or unexpected commitments (to a new family or an unplanned late arrival, for example), and inflation may mean that you want to increase your cover in the future.

So, it is worthwhile choosing a policy that gives you the option to increase your cover in the future. This ensures that up to a certain limit, without further medical evidence and whatever your state of health, you can adjust your cover to your future needs. However, any extra cover that you do take out will not be at current costs. Each year you will be older and future increases will be charged at the rate for your age then, not your age now.

The cost of insurance will depend on:

- Your age: the older you are when you start a policy, the more it will cost.

- The type of cover you buy: the more permanent and long term the policy, the more expensive it will be.

- Your sex: life insurance is cheaper for women than for men, at a given age, because women live longer.

- Your state of health: the rate quoted will assume that you are in good health. If the company decides that because of your medical history, your weight or any other factor, you are a higher risk to them, they will charge you more.

- Whether you smoke: if you do, you will generally be charged 20-40 per cent more for life insurance.

Affordable life insurance can be a problem for gay men. Some (although not all) insurance companies have either put up premiums or refused to accept business because of concerns about HIV/AIDS. There are some specialist financial advisers in this area. If it affects you, look in the gay press for details.

3.5 FINANCIAL ADVICE

When it comes to financial planning, particularly for your retirement, it is especially important to get advice. The difference between a
sensible and an unwise choice could seriously affect your standard of living.

Phrases and terms used in conversation may have legal implications of which you are unaware when they are written into a formal document. Also, financial decisions that you make often have tax implications that you need to take into account.

3.5.1 Advice on Advisers

Before you seek financial advice, you must ensure that the adviser is qualified to advise you and is registered with a recognised institution. Under the Financial Services Act 1986, firms and individuals offering specialist financial advice must be authorised (normally with the Personal Investment Authority – see 3.3.4 self-regulatory organisations).

Before you accept financial advice, you should shop around to compare different opinions. Do not be afraid to do this. It is your money and the difference between one opinion and another could make a substantial difference to your income in retirement. You are under no moral or contractual obligation to accept any one adviser's services.

Some advisers, for example, an insurance broker, may appear not to charge you for their time (but might be paid by commission on any products they sell), others, for example, a solicitor or accountant, may charge you a fee. Ask about this before you ask for advice. If you consult someone you do not already know in a professional capacity, you should check their reputation, either by talking to existing clients or by asking for references or both. Some specialist advisers are primarily in the business of selling or stand to make a commission if you choose a product recommended by them. Ask about this. Also, brokers and dealers may be tied to a specific company and only promote their own in-house products. Again, ask about this.

If you have a complaint about an adviser, the procedure for making a complaint is described in section 3.3.4 on investor protection.

3.5.2 Getting Financial Advice

It is a good idea to think about your priorities before you contact an adviser. For example, are you looking for capital growth or to increase
your income or a mixture of the two; do you have any particular plans or projects that you should tell an adviser about so that these can be taken into account?

If your choice of local advisers is limited, you can contact one of the organisations listed below for a register of members.

**Banks**

The major high street banks offer a comprehensive range of financial services, including insurance and tax planning, advice on drawing up a will and services for small businesses. Some banks have specialised subsidiaries for these services. A bank must make it clear to you whether they are acting as a general broker, and so choosing from a number of companies, or promoting their own in-house products. Most banks now only sell their own in-house products but some will give you independent advice on request. If you want independent advice, ask if they have an IFA division (see below for more details on IFAs).

**Accountants**

Accountants specialise in taxation and, if you are considering self-employment or setting up a business, will help you with establishing a business accounting system, the practicalities of VAT registration and prepare tax returns. They may also offer advice on investment planning and investment products or be able to refer you to a specialist adviser. If you need help in finding a suitable local accountant, contact The Institute of Chartered Accountants in England and Wales or The Institute of Chartered Accountants of Scotland (see 3.3.4 recognised professional bodies).

**Independent Financial Advisers (IFAs)**

IFAs advise on the whole range of investment products, including life insurance, endowment policies, personal pension plans, health insurance, unit trusts, personal equity plans and mortgages.

They should be able to help you choose the most suitable investment product for you, on the basis of your personal circumstances and objectives. To do this, an IFA will need to know
about your current financial circumstances and plans, including your earnings, employment prospects and investments. He or she will also need to know what your aims are, for example, to boost your retirement income or capital, to provide for dependants should you unexpectedly die, to meet the costs of health care should you have an accident or become too ill to earn a living.

At the outset, you should ask by whom the IFA is regulated. With any product that is recommended, you should ask what charges are involved, what, if any, commission the IFA will be getting, and whether you could lose money through, for example, early surrender. You should be provided with a written explanation of the key features of any recommended product and the reasons for the recommendation. If you do not receive this, your IFA is breaking the rules and you should walk away from the transaction.

For a list of local IFAs, contact either: IFA Promotion Ltd, 17–19 Emery Road, Brislington, Bristol BS4 5JJ, tel: 0117 971 1777, or The IFA Association, 12–13 Henrietta Street, London WC2E 8LH, tel: 0171 240 7878.

While most IFAs work on commission, some offer a fee-based service. An advantage of fee-based advice is that you do not have the IFA’s commission deducted from your investment, which, over time, may be larger than an up-front fee. For a list of local IFAs who offer a fee-based service, contact The Money Management Register of Fee-based Advisers, Freepost 22 (SW1565), London W1E 7EZ, tel: 0171 976 9444.

Many IFAs are happy to work on fees or commission. Discuss with them which is likely to be the better option in your case.

3.6 TAXATION

This section is a brief guide to the elements of taxation that will affect your retirement income. The rates quoted are those for the 1997/98 tax year. More detailed and up-to-date information is available from the Inland Revenue publications listed at various points below.

Age Concern publishes Your taxes and savings: a guide for older people, price £4.95, which is available from book shops or Age Concern. This is an annual publication which explains how the tax
system affects older people and offers advice on how to avoid paying more than necessary.

### 3.6.1 Income Tax and Personal Allowances

Everyone is entitled to the basic personal allowance. Those aged 65 or over are entitled to a higher age-related personal allowance where their income does not exceed £15,600. Above that, the extra age allowance is reduced by £1 for each additional £2 of income until the ordinary basic personal allowance is reached. In effect, this means that older people have a small tax advantage up to £17,850 a year, and after that are treated the same as everyone else.

If you are married, you and your spouse are taxed independently on your income, on any capital gains (see 3.6.7) and on inheritances (see 3.6.8) for which you are liable to pay tax. You each have your own personal allowances, pay your own tax and receive your own rebates where applicable. As a married couple living together, you will be entitled to the married couple's allowance. You can choose whether the married couple's allowance should go wholly to one partner or the other or be divided equally between both partners.

<table>
<thead>
<tr>
<th>Tax bands</th>
<th>Tax rate (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>£1–4,100</td>
<td>20 (lower)</td>
</tr>
<tr>
<td>£4,101–26,100</td>
<td>23 (basic)</td>
</tr>
<tr>
<td>Over £26,100</td>
<td>40 (higher)</td>
</tr>
<tr>
<td>Investment income</td>
<td>20 (basic-rate payers)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Personal allowances</th>
<th>(£)</th>
<th>Upper limits of income (£)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single under 65</td>
<td>4,045</td>
<td>17,490</td>
</tr>
<tr>
<td>Single 65–74</td>
<td>5,220</td>
<td>17,850</td>
</tr>
<tr>
<td>Single 75 and over</td>
<td>5,400</td>
<td></td>
</tr>
<tr>
<td>Married under 65</td>
<td>1,830*</td>
<td></td>
</tr>
<tr>
<td>Married 65–74</td>
<td>3,185*</td>
<td>20,140</td>
</tr>
<tr>
<td>Married 75 and over</td>
<td>3,225*</td>
<td>20,580</td>
</tr>
<tr>
<td>Widow's bereavement</td>
<td>1,830*</td>
<td></td>
</tr>
<tr>
<td>Blind person's</td>
<td>1,280</td>
<td></td>
</tr>
<tr>
<td>Additional personal</td>
<td>1,830*</td>
<td></td>
</tr>
</tbody>
</table>

* Relief at 15%.
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There are three different amounts of married couple's allowance, depending on your age. You can get the higher married couple's allowance in the year that the elder partner reaches 65. The higher married couple's allowance will be reduced only if the husband's income exceeds £17,950 for those aged 65 to 74, or £18,310 for those aged 75 or over. Further full guidance can be found in the leaflet IR121 (see below).

Further information is given in the following Inland Revenue leaflets:

IR80 Income tax and married couples
IR90 Tax allowances and reliefs
IR91 A guide for widows and widowers
IR121 Income tax and pensioners

3.6.2 Tax Relief

In addition to personal allowances, you can get tax relief on:

- Interest payments on the first £30,000 of a mortgage on your own home. However, the current relief is at 15 per cent and will reduce to 10 per cent from April 1998. In the long-term, this looks likely to disappear.

- Covenants to charities and donations under the Gift Aid Scheme.

- Contributions to occupational pension schemes (see 3.2.2) and personal pension plans (see 3.2.3).

- Certain maintenance payments if you are separated or divorced.

- Fees for full-time vocational training that lasts for between four weeks and one year, if you are aged 30 or over.

For further information, see the following Inland Revenue leaflets:

IR123 Mortgage interest relief: buying your home
IR65 Giving to charity: how individuals can get tax relief
IR113 Gift Aid: a guide for donors and charities
IR78 Personal pensions: a guide for tax
IR93 Separation, divorce and maintenance payments
IR119 Tax relief for vocational training
**Self-employed Pension Plans**

If you are self-employed, the proportion of your net relevant earnings that you can contribute to get tax relief depends on your age and whether you have a personal pension plan (i.e., started after 1 July 1988) or a retirement annuity (i.e., started before July 1988) (see 3.2.3). Table 3.9 shows the maximum annual contributions you can make to a plan or annuity.

**Table 3.9  SELF-EMPLOYED PENSION PLAN CONTRIBUTION LIMITS: PER CENT NET RELEVANT EARNINGS FOR TAX RELIEF**

<table>
<thead>
<tr>
<th>Age 35 or under</th>
<th>17.5</th>
<th>age 50 or under</th>
<th>17.5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age 36-45</td>
<td>20</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age 46-50</td>
<td>25</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Age 51-55</td>
<td>30</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Age 56-60</td>
<td>35</td>
<td>22.5</td>
<td></td>
</tr>
<tr>
<td>Age 61 and over</td>
<td>40</td>
<td>27.5</td>
<td></td>
</tr>
</tbody>
</table>

* upper limit of £84,000

### 3.6.3 Tax-free Income

Some sources of income are entirely tax free:

- National Savings Ordinary Account – the first £70 interest in a year (£140 for a joint account).
- The following pension payments:
  - additional state pension for supporting a child for whom you receive Child Benefit;
  - industrial injuries disablement pension;
  - War Widow’s Pension (plus additions for children);
  - victims of Nazism pension;
  - certain disablement pensions from the armed forces, police, fire service and the merchant navy;
  - the Christmas bonus.
- Income Support.
- Premiums payable with Jobseeker’s Allowance (although basic allowances are taxable).
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- Disability Living Allowance.
- Housing Benefit.
- Council Tax Benefit.
- Rental income up to £4,250 for letting rooms in your house.
- Annuities paid to holders of certain gallantry awards.
- Benefits from certain insurance policies if you are sick, disabled or unemployed when the benefits become payable: mortgage payment protection, permanent health insurance, creditor insurance for loans and utility bills, approved long-term care policies.

3.6.4 Tax-free Payments
The following one-off payments to you are tax free:
- A gift on which the donor has paid tax.
- A redundancy payment or a golden handshake in lieu of notice (as long as it is not part of your employment contract) up to £30,000.
- The lump sum commuted from a pension up to £126,000. If you belong to a scheme that was set up before the 1989 Budget or joined a scheme that was established before 1 June 1989, you may be entitled to a higher tax-free lump sum.
- A matured endowment policy.
- Interest from a tax-exempt special savings account (TESSA).
- Capital gains and dividends from a personal equity plan (PEP).
- Compensation paid as a result of being mis-sold a pension plan.
- Premium Bond prizes.
- Winnings from the football pools, the National Lottery and other forms of betting.
3.6.5 Tax on Savings and Investments
Most interest payments on savings are taxed at source at 20 per cent. The exception is National Savings accounts where interest is automatically paid gross.

Most interest and dividends payments on investments are taxed at source at 23 per cent. If you are liable to pay tax at only 20 per cent, you can claim repayment of 3 per cent. Interest from National Savings investments and some gilt-edged securities are paid without basic-rate tax deducted and you will be liable for tax at 23 per cent on these.

If you are liable to pay tax at the higher rate, you will have an additional liability for payments on savings and investments.

3.6.6 Tax Overpaid
If your income derives mainly from savings and investment payments that have been taxed at source, you can set your personal allowances against them and you may be entitled to a rebate. The Inland Revenue leaflet IR110 A guide for people with savings: how to stop paying tax on your interest; how to claim tax back tells you how to claim this.

3.6.7 Capital Gains Tax
If you make a gain (i.e., a profit) on the sale of a capital asset, such as stocks and shares, jewellery, or property that is not your main home, you may be liable for capital gains tax (CGT). Tax is not due on the price you receive for the asset, but only for any increase over and above inflation in its value while you owned it. For this reason, the government publishes an index to take account of inflation.

There is an individual annual exemption limit of £6,500. Gains on certain assets may not be chargeable or may be chargeable only in part, and others are free from CGT. Important exemptions include those from the sale of your main home and the sale of a family business. This is a complex subject which is beyond the scope of this book.

Further information is available in the Inland Revenue booklet CGT14 Capital gains tax: an introduction.
3.6.8 Inheritance Tax

When you die, any assets that pass on after your death, or any gifts which you have made up to seven years before you died, are liable to inheritance tax. The first £215,000 of your estate is tax free. Amounts over that are taxed at 40 per cent. There are a number of exemptions and reliefs, such as the exemption for gifts or assets passing between spouses, or reliefs for the transfer of family-owned farms and businesses. Lifetime gifts are also exempt if you survive them by seven years. If you die within seven years of making gifts, their value comes within the value of your estate. The tax on gifts made between three and seven years before your death get taper relief in 20 per cent steps, from 20 per cent relief for gifts made between three and four years before death, to 80 per cent relief for gifts made between six and seven years before death.

Further information is available in the following booklets which are available from the Inland Revenue, Capital Taxes Office, Ferrers House, PO Box 38, Castle Meadows Road, Nottingham NG2 1BB, tel: 0115 974 2400, for England and Wales, or Inland Revenue, Capital Taxes Office, Mulberry House, 16 Picardy Place, Edinburgh EH1 3NB, tel: 0131 556 8511, for Scotland:

IHT2 Inheritance on lifetime gifts
IHT3 Inheritance tax: an introduction
IHT8 Alterations to an inheritance following a death
IHT14 Inheritance tax: the personal representative's responsibility
IHT15 Inheritance tax: how to calculate the liability
IHT16 Inheritance tax: settled property
IHT17 Inheritance tax: businesses, farms and woodlands
IHT18 Inheritance tax: foreign aspects

3.6.9 Retiring Abroad

If you plan to retire abroad, your tax liability here and in the country you retire to will have implications for your standard of living. Your pension payments, state benefits and health care rights may also be affected, depending on where you retire.
FINANCIAL SECURITY

This is a complex subject which is beyond the scope of this book but one on which you should get financial advice. The following publications will provide some useful information:

The Inland Revenue booklet IR20 Residents and non-residents: liability to tax in the United Kingdom.

The Benefits Agency booklets SA29 Your social security insurance, benefits and health care rights in the European Community, NI38 Social security abroad (which includes information about non-EU countries not available in SA29) and NI106 Pensioners and widows going abroad.
4 Spending your Leisure Time

Contact details and addresses not given in the text can be found in the appendix.

4.1 STRUCTURING YOUR TIME

One of the joys of retirement is not having to keep to a work routine. However, you may find that after a lifetime of routine, keeping some sort of structure around your free time can actually help with the transition. The main difference when you retire is that you are only answerable to yourself and the others in your personal life and not to a superior or an organisation.

There is considerable interaction between leisure activities and your health. Leisure activities can make an important contribution to your continuing good physical and mental health, and your continuing good health can extend your ability to participate in and enjoy leisure activities.

Replacing some or all of your former work time with leisure activities is an important part of keeping yourself mentally active, whether it involves devoting more time to an existing interest, picking up an old hobby, or something entirely new such as studying for a degree.

4.2 THE CHOICES

The choices are pretty well limitless. If you have leanings towards more exotic and adventurous activities, you probably do not need any guidance. Otherwise, you could do anything from basket weaving to beekeeping to bridge, take up windsurfing or join a women’s institute (or both), study for a degree or get to know your own country. There are any number of clubs and societies you can join which are not only a source of leisure opportunities but they can also broaden your social contacts at a time when you may need to replace the company of former work colleagues.

The rest of this chapter provides signposts to a selection of sources of general information about local and national leisure opportunities,
organisations through which you can get more involved in the arts and crafts, conservation, heritage, museums and galleries, new learning opportunities, and holidays and travel. Many of the organisations listed have concessionary rates for older or disabled people. Always ask if this is not clear from their literature.

If you have a computer with a modem, the Internet is a rapidly expanding source of information.

4.3 LEISURE OPPORTUNITIES

4.3.1 Local

Authority Services

Your local library is a major source of information on services provided by the council and local organisations. Libraries provide books, newspapers and periodicals, audio-tapes, records, CDs, local history material and information on local interest groups. Some have mobile services which take books out to rural communities, senior citizens clubs, day centres and residential homes. They may be able to provide services to you in your home and will usually have special facilities for people with impaired sight and hearing, such as large-print books and books on tape.

Many leisure centres and swimming pools have a range of activities on offer, from swimming classes and keep-fit classes designed for older people, to jacuzzis, steam rooms and saunas. There are usually concessionary rates for people of retirement age – always ask. Details of activities and facilities should be available from the leisure centre, your local library or the recreation department of your local council.

Local museums and galleries usually have special activities and courses available. Many have friends groups, which you can join at a modest subscription, that provide access to private views, visits to places of interest, receptions and other social activities.

4.3.2 National

The Dark Horse Venture, Kelton, Woodlands Road, Liverpool L17 OAN, tel: 0151 729 0092, is a charity that operates across the United Kingdom to create opportunities for older and retired people to get
involved in a broad range of activities that put their hidden talents, skills and life experience to creative use. Activities include giving and sharing, environmental projects, learning and doing, exercising and exploring, and working together with younger generations. The Venture also acts as an award body to recognise the achievements of those who participate in the scheme. It is open to anyone aged over 55, whether active and able-bodied, frail, disabled, in long-term care or housebound.

The National Association of Women’s Institutes, 104 New Kings Road, London SW6 4LY, tel: 0171 371 9300, is the umbrella association for the 260,000 members in 8,000 Women’s Institutes in England, Wales, the Channel Islands and the Isle of Man. Women’s Institutes are involved in a wide range of community activities, and members are encouraged to support and take part in developing national and international campaigns on social, environmental and consumer issues of concern to women and their families.

The Royal National Institute for the Blind (RNIB) has a leisure reading service, Talking Books, with over 10,000 titles. You can join the service if you cannot read standard type comfortably with the best possible spectacles. For further details, contact RNIB Talking Book Service, Mount Pleasant, Wembley, Middlesex HA0 1RR, tel: 0181 903 6666. For information about braille, Moon and tape services, and RNIB publications, including Your guide to RNIB services, contact RNIB, PO Box 173, Peterborough PE2 6WS, tel: 0345 023153. Some titles, including the guide are on the Internet on http://www.rnib.org.uk

The Saltire Society, 9 Fountain Close, 22 High Street, Edinburgh EH1 1TF, tel: 0131 556 1836, was founded in 1936 to encourage support for Scotland’s special history, literature, music, architecture and environment. Local branch activities include musical evenings, dinners, Scottish country dancing, excursions, lectures on Scottish history, architecture and current affairs, and campaigning on local issues.

Scottish Women’s Rural Institutes, 42 Heriot Row, Edinburgh EH3 6ES, tel: 0131 225 1724, have over 1,000 local institutes throughout Scotland. Local institutes, which have members of all ages, meet monthly for talks and demonstrations on anything from art to aerobics,
cooking to computing, travel to traditions, weaving to wildlife. They all offer friendship and a chance to get to know your neighbours, to get involved in the community and help preserve the quality of rural living.

Townswomen's Guilds, Chamber of Commerce House, 75 Harborne Road, Edgbaston, Birmingham B15 3DA, tel: 0121 456 3435, http://www.townswomen.org.uk, are groups of women who meet together regularly, regardless of politics, race, age, religion or circumstance, to exchange ideas, develop new skills and interests, campaign on various issues and, above all, have fun. There are 1,900 guilds representing 80,000 members and these are grouped into 114 federations in England, Wales, Scotland and Northern Ireland.

*Arts and Crafts*

The regional arts boards in England, the Arts Council of Wales and the Scottish Arts Council will put you in touch with local information on musical events, drama, and arts and crafts exhibitions:

*Eastern Arts Board, Cherry Hinton Hall, Cherry Hinton Road, Cambridge CB1 4DW, tel: 01223 215355.*


*Northern Arts Board, 9-10 Osborne Terrace, Jesmond, Newcastle upon Tyne NE2 1NZ, tel: 0191 281 6334.*

*North West Arts Board, Manchester House, 22 Bridge Street, Manchester M3 3AB, tel: 0161 834 6644.*

*Southern Arts Board, 13 St Clement Street, Winchester, Hants SO23 9DQ, tel: 01962 855099.*

*South East Arts Board, 10 Mount Ephraim, Tunbridge Wells, Kent TN4 8AS, tel: 01892 515210.*

*South West Arts, Bradninch Place, Gandy Street, Exeter EX4 3LS, tel: 01392 218188.*

*West Midlands Arts Board, 82 Granville Street, Birmingham B1 2LH, tel: 0121 631 3121.*

*Yorkshire and Humberside Arts Board, 21 Bond Street, Dewsbury, West Yorkshire WF13 1AX, tel: 01924 455555.*
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Arts Council for Wales, Holst House, 9 Museum Place, Cardiff CF1 3NX, tel: 01222 394711.
The Scottish Arts Council, 12 Manor Place, Edinburgh EH3 7DD, tel: 0131 226 6051.

The Crafts Council, 44a Pentonville Road, Islington, London N1 9BY, tel: 0171 278 7700, is the national organisation for the promotion of the contemporary crafts. The Council's gallery in Islington is the largest gallery for contemporary arts in Britain, and its Crafts Map will help you find over 96 selected shops and galleries throughout Great Britain.

The Friends of Covent Garden, Royal Opera House, Covent Garden, London WC2E 9DD, tel: 0171 240 1200, support the Royal Opera House and provide informative and entertaining events for members, from study days to backstage tours. Membership provides benefits such as advanced booking, the opportunity to buy tickets for open rehearsals, master classes, mailings and a magazine. Reduced rates are available for members aged over 60 once they have been members for four years.

Friends of English National Opera, London Coliseum, St Martin's Lane, London WC2N 4ES, tel: 0171 836 0111, contribute to the staging of new productions and have the opportunity to see behind the scenes at the Coliseum. Benefits include priority booking, subscription to the Coliseum magazine and access to special events including lunchtime and evening talks, recitals and dress rehearsals. Reduced rates are available for older members.

Friends of the Fitzwilliam Museum, Trumpington Street, Cambridge CB2 1RB, tel: 01223 332900, receive an annual programme which lists exhibitions, concerts, lectures and preview parties, to which Friends are especially invited. Lectures and tours are organised to the museum's reserves, to galleries and historic houses further afield, and to arts centres abroad. Reduced rates are available for older members.

The Friends of Sadler's Wells, Sadler's Wells Theatre, 23 Islington High Street, London N1 9LG, tel: 0171 278 1152, offer financial assistance to the theatre and over the years have supported visiting companies. Members are entitled to savings of up to 50 per cent on many shows, advance mailing, priority booking, special events and
rehearsals, a regular newsletter, and no booking fee. Reduced rates are available for members aged over 60.


Dance

English Folk Dance and Song Society, Cecil Sharp House, 2 Regents Park Road, London NW1 7AY, tel: 0171 485 2206, promotes the practice and enjoyment of folk music, dance, song, custom and drama. The Society maintains a list of clubs and events of interest to members, and provides information on singers, dancers, mummers and events run by other organisations. Reduced rates are available for older members.

The Royal Scottish Country Dance Society, 12 Coates Crescent, Edinburgh EH3 7AF, tel: 0131 225 3854, is an international organisation with some 25,000 members, 200 branches and 500 affiliated groups across the world, providing social dancing, classes for all levels, audio material, training and examination courses, residential summer schools and day or weekend schools.

Gardens

The National Gardens Scheme, Hatchlands Park, East Clandon, Guildford, Surrey GU4 7RT, tel: 01483 211535, raises money for charities through the opening of gardens to the public. Their guide Gardens of England and Wales, price £3.50 (1997), gives details of the 3,500 private gardens, the majority of which are not normally open to the public, which are open for the scheme throughout England and Wales. The gardens include all types – Royal Gardens, stately homes, town, country and cottage gardens.

The National Society of Allotment and Leisure Gardeners, O’Dell House, Hunters Road, Corby, Northants NN17 5JE, tel: 01536 266576,
promotes gardening as a recreation for the mind and body. Membership provides a quarterly journal, a seed scheme, an insurance scheme and an advice service. The Society also supports local federations and county groups who represent the interests of allotment holders at a local level.

Scotland's Gardens Scheme, 31 Castle Terrace, Edinburgh EH1 2EL, tel: 0131 229 0443, adopted the Gardens Fund of the National Trust for Scotland to help in the preservation of gardens of outstanding importance in Scotland. Gardens in the scheme may be open on one or more days a year, on a regular basis, or by appointment only. Part of the proceeds is donated to local and national charities. The scheme's handbook *Gardens of Scotland*, price £2.50 (1997), gives details of over 300 gardens in the scheme. As well as visiting gardens, you could also join the scheme and open your own garden to others.

**Heritage**

The City of London Information Centre, St Paul's Churchyard (South side), London EC4M 8BX, tel: 0171 332 1456, acts as the tourist office for the City. The centre provides advice and information on the many attractions open to the public, free leaflets and a monthly events list.

The Civic Trust, 17 Carlton House Terrace, London SW1Y 5AW, tel: 0171 930 0914, is the country's leading independent charity concerned with the everyday built environment. The Trust campaigns to protect our remarkable heritage and the familiar features of our towns, cities and villages; and to improve the quality of the evolving built environment where we live and work. Nearly 1,000 local civic societies are registered with the Trust. You can become a Friend of the Civic Trust and support its work, or join a local civic society or both.

English Heritage, PO Box 9019, London W1A OJA, tel: 0171 973 3434, is the principal organisation with statutory responsibility for the conservation of the built heritage in the country. They have over 400 sites in their care, from the 1066 Battlefield, Stonehenge, secret tunnels at Dover and Osborne House to remote abbeys and priories. Membership provides free entry to all their properties, a quarterly
magazine and an opportunity to take part in exclusive members’ weekend breaks and cruises.

The National Trust, PO Box 39, Bromley, Kent BR1 3XL, tel: 0181 315 1111. Membership entitles you to free entry to more than 300 historic buildings and gardens in the care of the Trust, and to over 100 properties cared for by the National Trust for Scotland. Members receive full information about all the features of the Trust, including working holidays, Trust holiday cottages, opportunities for volunteering, becoming a member of a local association and facilities for people with disabilities. Details of National Trust Holiday Cottages are given in section 4.5.1.

The National Trust for Scotland, 5 Charlotte Square, Edinburgh EH2 4DU, tel: 0131 226 5922. Membership entitles you to free entry to over 100 properties in their care across Scotland, to over 300 National Trust properties and England, Wales and Northern Ireland and to properties of many other national trusts worldwide. Details of National Trust for Scotland holiday properties are given in section 4.5.1.

Friends of Historic Scotland, Longmore House, Salisbury Place, Edinburgh EH9 1SH, tel: 0131 668 8999. Membership, with concessions for people over 60, provides free access to Scotland’s historic buildings and monuments, a free directory of sites, special guided tours and a quarterly magazine.

The Scottish Conservation Projects Trust (SCP), Balallan House, 24 Allan Park, Stirling FK8 2QG, tel: 01786 479697, runs projects to create and conserve wildlife habitats, improve public access in the countryside, maintain historic buildings and keep alive traditional countryside skills. To help conserve both the natural and man-made environment, SCP organises residential action breaks which frequently take place in some of the most remote and scenic parts of the country, and annual training courses where you can learn about popular conservation techniques and other environmental subjects. Other essential projects are carried out by SCP’s volunteer hit squad and mid-week conservation groups. SCP’s network of affiliated conservation groups provide numerous opportunities from the Borders to Shetland. Whatever your age, experience or interests, there should
be an SCP activity which you can join to help to conserve Scotland's unique environment.

**Museums**

The British Association of Friends of Museums (BAFM), Hon. Secretary, 31 Southwell Park Road, Camberley, Surrey GU15 3QG, tel: 01276 66617, supports museums, galleries and other institutions preserving our cultural heritage by offering groups of their friends, volunteers and supporters advice and information, disseminating good practice and support at the national level. Individuals can join as supporting members. Membership offers access to BAFM publications and information, invitations to regional and national meetings, advice, and the opportunity to network with other groups.

The British Museum Society, British Museum, Great Russell Street, London WC1B 3DG, tel: 0171 323 8605, supports the British Museum in its collecting, research and conservation, and members' subscriptions enable the Museum to make new acquisitions. Events and activities for members include open evenings, evening lectures, study days, behind-the-scenes visits, outside visits to sites of archaeological and architectural significance, performances and The British Museum Magazine.

Friends of the National Maritime Museum, The National Maritime Museum, Greenwich, London SE10 9NF, tel: 0181 858 4422, http://www.nmm.ac.uk, provides free admission to the museum, the Queen's House, the Old Royal Observatory and the Cutty Sark, and to the Merseyside Maritime Museum, the RN Museum at Portsmouth, the Scottish Maritime Museum at Irvine and the Denny Test Tank at Dumbarton, the Australian Maritime Museum in Sydney, and the South Seaport Museum in New York. Reduced rates are available for older or disabled members.

The Friends of the National Museums of Scotland, Subscription Secretary, Miss May Nicol, 15 Falcon Road West, Edinburgh EH10 4AD, tel: 0131 447 6653, offer an opportunity to gain a wider knowledge of the work of the Museums and a deeper appreciation of the national collections. Membership provides free entry to those museums that charge for entry, behind-the-scenes visits to museum
departments, lecture programmes, accompanied tours to places of interest with the United Kingdom and abroad and reduced admission charges to certain exhibitions and events.

The Friends of the V&A, Victoria and Albert Museum, London SW7 2RL, tel: 0171 938 8444, play an important role in the life and work of the Museum, contributing to the acquisition of works of art and renovation of galleries and by awarding bursaries for travel and study. As a Friend, entry to the Museum and all its exhibitions is free, and you can take a guest, and you can become more closely involved by becoming a volunteer. Membership includes access to exclusive events, curatorial lectures, behind-the-scenes visits, and discounts in the museum shop and restaurant and most museum courses.

4.4 FURTHER LEARNING OPPORTUNITIES

4.4.1 Local

Authority Services

Local education authorities (LEAs) in England and Wales, and education departments in Scotland, provide a wide range of adult education classes and may provide tutors for classes held in clubs, day centres and residential homes. To find out what is available locally, contact your LEA or local council education department.

Your local library is also a major source of information on further learning opportunities (see 4.3.1).

The Workers' Educational Association offers a wide range of adult education courses, including pre-retirement courses, in different parts of the country. You local library, LEA or education department should be able to put you in touch with a local branch (see also 2.6).

The Scottish Community Education Council, Rosebery House, 9 Haymarket Terrace, Edinburgh EH12 5EZ, tel: 0131 313 2488, may be able to put you in touch with local opportunities in Scotland.

Further Education Colleges

Further education colleges are increasingly offering courses for older learners and will send you a prospectus on request. Many run summer
schools with classes that include arts and crafts, computing and photography, counselling and health, and have open-learning packages that allow you to study areas of interest at your own pace. You will find them listed under 'Further education' and 'Colleges and schools' in the Yellow Pages.

Universities

Universities will accept older students and may do so on the basis of your past experience, not just on the exams you have passed. University adult education, continuing education or extra-mural departments usually run day and evening short courses on a wide range of subjects. A prospectus is usually available from July or August for the following academic year. Most courses offer concessions for older students.

4.4.2 National

The National Extension College, 18 Brooklands Avenue, Cambridge CB2 2HN, tel: 01223 316644, is an educational trust which offers a wide range of open-learning courses in general education, languages and counselling, and also in leisure interests such as homeopathy, interior and garden design, birds and birdwatching, music and the whole life review.

The Open University, Walton Hall, Milton Keynes MK7 6AA, tel: 01908 858585, is open to all kinds of people of different ages and backgrounds and with different needs and goals. You do not need qualifications for most courses – but Open University study is no easy option. The academic content of the courses is as demanding (and valuable) as a course from any other university. There is a huge number of courses to choose from, including arts, languages, social sciences, mathematics, computing, science, environment and technology, that could take you in directions you hadn’t even thought of. Courses normally involve a mixture of correspondence work, radio and television programmes, audio and video cassette programmes, local tutorials and, in some cases, residential schools where you can meet other students. The course work is designed to allow you to study entirely at your own pace and in your own space. There is no fixed
course time and, on average, students take between six and eight years to get a degree. General information about the Open University is available in the brochure, *Studying with the Open University*, and on the Internet on http://www.open.ac.uk

The University of the Third Age (U3A), National Office, 26 Harrison Street, London WC1H 8JG, tel: 0171 837 8838, is a learning cooperative of older people which enables members to share many educational, creative and leisure activities. Members organise their own activities by drawing on the skills of one another, sharing their knowledge and experience and developing their own individual capabilities by learning from other members. There are currently more than 50,000 members belonging to over 300 centres in the United Kingdom. For more information and details of your nearest U3A, send a stamped addressed envelope to the National Office.

4.5 HOLIDAYS AND TRAVEL

This section provides signposts to a selection of organisations that cater for budget and self-catering holidays, holidays and travel for people who have disabilities, and travel concessions.

4.5.1 Budget and Self-catering Holidays

The regional tourist boards in England and the national tourist boards in Wales and Scotland are the main sources of information on holiday facilities in their areas.

**England**

Cumbria Tourist Board, Ashleigh, Holly Road, Windemere, Cumbria LA23 2AQ, tel: 015394 44444.

East of England Tourist Board, Toppesfield Hall, Hadleigh, Suffolk IP7 5DN, tel: 01473 822922.

Heart of England Tourist Board, Larkhill Road, Worcester WR5 2EZ, tel: 01905 763436.


Northumbria Tourist Board, Aykley Heads, Durham DH1 5UX, tel: 0191 375 3000.

North West Tourist Board, Swan House, Swan Meadow Road, Wigan Pier, Wigan WN3 5BB, tel: 01942 821222.
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Southern Tourist Board, 40 Chamberlayne Road, Eastleigh, Hampshire SO5 5JH, tel: 01703 620006.

West Country Tourist Board, 60 St David's Hill, Exeter EX4 4SY, tel: 01392 425426.

The Yorkshire Tourist Board, 312 Tadcaster Road, York YO2 2HF, tel: 01904 707961.

Wales

Wales Tourist Board, Brunel House, 2 Fitzalan Road, Cardiff CF2 1UY, tel: 01222 499909, will send you the free annual guides A view of Wales and Staying in Wales. Together, they give information on each of Wales's 12 holiday areas and provide a selection of hotels, guest houses, farmhouses, self-catering properties and caravan holiday home parks within these areas together with other information on travel to and within Wales.

Scotland

The Scottish Tourist Board, 23 Ravelston Terrace, Edinburgh EH4 3 EU, tel: 0131 332 2433, will send you the free annual guides When will you go?, which includes an order form for local tourist board brochures, and Where to stay, what to do, which includes a selection of hotels and guest houses, bed and breakfast and self-catering accommodation, and camping and caravanning sites.

The British Universities Accommodation Consortium Ltd, PO Box 1536, University Park, Nottingham NG7 2RD, tel: 0115 950 4571, provides self-catering and bed and breakfast accommodation at over 60 universities throughout the United Kingdom. Details of locations, facilities and prices are given in their annual guide.

CampusHotels, PO Box 808, Edinburgh EH14 4AS, tel: 0131 449 4034, deals with accommodation for the Scottish Universities Accommodation Consortium which provides holidays letting at the universities of Aberdeen, Dundee, Edinburgh, Glasgow, Heriot-Watt, St Andrew's, Stirling and Strathclyde.

The Camping and Caravanning Club, Greenfields House, Westwood Way, Coventry CV4 8JH, tel: 01203 694995, has over 80 of its own sites across the country which can be used by members at
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special rates. In addition, members over 60 enjoy a reduction of up to 20 per cent on site fees. Membership also provides a range of services and free guides to the club's own sites and over 4,500 other sites nationwide.

Country Cottages will send you a free brochure with details of country holiday properties available to rent. For details of cottages in England, tel: 0990 851111, in Wales, tel: 0990 851122, in Scotland, tel: 0990 851133, and in Ireland, tel: 0990 851166. You will also find details on the Internet on http://www.english-country-cottages.co.uk

Farm Holiday Bureau UK Ltd, National Agricultural Centre, Stoneleigh Park, Warwickshire CV8 2LZ, tel: 01203 696909, http://www.webscape.co.uk/farmaccom/, is a network of farming families who offer farm holidays throughout the United Kingdom. You can cater for yourself in a cottage or barn conversion, or stay in the family farmhouse with bed and breakfast accommodation. Their guide Stay on a farm, is available from bookshops, price £6.95, or from the Farm Holiday Bureau, price £7.50, including postage and packing.

Forest Enterprise Holidays, 231 Corstorphine Road, Edinburgh EH12 7AT, tel: 0131 314 6100/334 0303, offer accommodation in cabins and cottages in forests in the Highlands of Scotland, Cornwall, the North Yorkshire moors and the Lake District. The properties are fully-equipped and open all year. You can rent by the week, and outside school holidays, weekend and short-break rentals are available. Full details are given in their annual Cabins and cottages brochure.

The Landmark Trust, Shottesbroke, Maidenhead, Berks SL6 3SW, tel: 01628 825925, rescues worthwhile buildings from neglect and, when restored, lets them for holidays. They include follies, forts, cottages, manor houses, gate houses and towers. Details of all the buildings that Landmark has restored, including their histories, are given in The Landmark Handbook, price £8.50 including postage and packing. The price is refundable against a booking. Free leaflets are available on the Trust, which gives examples of entries and prices in the Handbook, and on the properties on Lundy.

The National Trust (Enterprises) Ltd, PO Box 536, Melksham, Wiltshire SN12 8SX, tel: 01225 791199, has 235 holiday cottages which range from the remote Doyden Castle in Cornwall to flats in
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York, from a converted hospital in Dorset to remote cottages in mountainous North Wales and a country home in the Cotswolds. Some cottages have been adapted for wheelchair users. Details are given in their brochure The National Trust Holiday Cottages, which is available from the booking office. If the idea of an active outdoor holiday working with the Trust appeals to you, contact Working Holidays, tel: 0891 517751. Volunteers are welcome to help with over 400 projects from archaeology to woodland management.

The National Trust for Scotland (NTS) has holiday properties which range from a house on the Hebridean island of Canna to a flat in a 14th-century merchant’s house on Edinburgh’s Royal Mile. A colour brochure is available from NTS, Holiday Cottages Department, 5 Charlotte Square, Edinburgh EH2 4DU in return for an s.a.e and a postal order or cheque for 50p. Trust members get priority booking. You can also join the NTS Conservation Volunteers to carry out practical conservation work at countryside properties in the care of the Trust, and cruises to some of the more inaccessible islands and coastal gardens.

Scottish Farmhouse Holidays, Drumtenant, Ladybank, Fife KY15 7UG, tel: 01337 830451, will send you details of farmhouses and crofts in Scotland that take guests, and can book farmhouse accommodation for you anywhere in Great Britain.

The Youth Hostels Association, Trevelyan House, 8 St Stephen’s Hill, St Albans, Herts AL1 2DY, tel: 01727 855215, and the Scottish Youth Hostels Association, 7 Glebe Crescent, Stirling FK8 2JA, tel: 01786 51181, welcome people of all ages. Membership gives you access to hostels in Scotland, England and Wales and more than 6,000 hostels throughout the world.

4.5.2 Holidays and Travel for People with Disabilities

The Royal Association for Disability and Rehabilitation (RADAR), 12 City Forum, 250 City Road, London EC1V 8AF, tel: 0171 250 3222, minicom: 0171 250 4119, produces the following annual guides to accommodation and facilities accessible to people with disabilities: Holidays in the British Isles, price £7.00, European Holidays and Travel Abroad and Long Haul Holidays and Travel Abroad, both price £5.00.
4.5.3 Rail Travel for People with Disabilities
If you have special requirements through physical disability, hearing or visual impairment or limited mobility and plan to travel by rail, you should contact the train operating company at least 48 hours in advance, if possible. Arrangements can usually be made for staff to meet you at your departure station, accompany you to the train and see you aboard. At many stations, staff can arrange portable ramps for wheelchairs and some trains carry them. Similar arrangements can be made at your destination and intermediate stations if you need to change trains. You should note that rail staff cannot lift you between a wheelchair and cars/trains/train seats or up and down flights of stairs.

If your journey involves trains operated by more than one train operating company, contact the office responsible for the first part of your journey and they will make arrangements for the whole of your journey.

The national guide, Rail Travel for Disabled Passengers (which includes an application for a Disabled Person’s Railcard), lists the telephone numbers of the offices specialising in rail travel for disabled travellers of all train operating companies. The guide is free and should be available at all staffed rail stations. Many train operating companies produce their own guides which are more comprehensive for their own stations and train services than the national guide.

Useful information for our Disabled Travellers, published by ScotRail, gives details of facilities available at all Scottish railway stations. The guide is free and should be available from all staffed rail stations in Scotland.

4.5.4 Air Travel for People with Disabilities
If you have special requirements through physical disability, hearing or visual impairment or limited mobility and plan to travel by air, the airline
you travel with or its handling agent is responsible for looking after you. The larger airlines have their own staff to look after you but smaller airlines or those operating only one or two services a day often use an agency company as its handling agent to look after you. Once you have checked in, the airline or its agent provide any help needed.

When you make your booking, always tell the airline, preferably directly or otherwise through your travel agent, that nature and extent of your disability, for example, that you have difficulty in walking or rely on the use of a wheelchair. Let them know if you will need help when you get to the airport. Also ask whether the airline makes any charge for special assistance, such as the use of an ambulance or a wheelchair, at airports en route to your destination. You may be asked to get your doctor to fill in a form stating the nature of your disability and confirming that you are able to travel.

The Air Transport Users Council publishes a booklet, *Flight plan*, which is a general guide for all air travellers and includes useful addresses for disabled passengers. You can get a free copy from the Secretary, Air Transport Users Council, Fifth Floor, Kingsway House, 103 Kingsway, London WC2B 6QX, tel: 0171 242 3882.

The British Airports Authority publishes free information booklets about facilities at their airports, including facilities for disabled passengers and the availability of parking for orange-badge holders. If you are travelling to or from London and require information on Heathrow, Gatwick or Stansted, contact the Public Affairs Department at Heathrow Airport Limited, tel: 0181 745 7224, Gatwick Airport Limited, tel: 01292 505570, or Stansted Airport Limited, tel: 01279 662714, respectively. If you are travelling to or from Aberdeen, Edinburgh or Glasgow, contact the Public Affairs Department, Scottish Airports Limited, tel: 0141 848 4293/4294. For information on facilities at airports not run by the British Airports Authority, contact the Public Affairs Department at the relevant airport.

4.5.5 Travel Concessions

*National Rail Travel Concessions for older people*

If you are 60 or over, you can buy a Senior Railcard for £16 a year which entitles you to a third off most leisure travel fares anywhere in
the United Kingdom. Discounts may also be available for some ferry services. A leaflet, *A fare to remember*, which includes a railcard application form, is available from local staffed rail stations and appointed travel agents.

Train operating companies sometimes run promotions during off-peak seasons, for example, where two passengers aged over 55 can buy a special flat-rate ticket between any two stations in a particular region. Ask about them at staffed rail stations or appointed travel agents.

**National Rail Travel Concessions for Disabled People**

If you are registered visually impaired or deaf, or are disabled by recurrent attacks of epilepsy in spite of drug treatment, or are in receipt of a qualifying benefit, you can buy a Disabled Person’s Railcard for £14 a year. The qualifying benefits are: Attendance Allowance, Disability Living Allowance (higher or middle rates), Severe Disablement Allowance, War Pensioner’s Mobility Supplement, War or Service Disablement Pension for 80 per cent or more disability. You also qualify if you drive a vehicle provided under the pre-1976 Invalid Vehicle Scheme or are buying or leasing a vehicle through the Motability scheme (see 6.6.2). With a Railcard, you can travel by train at a third off most rail fares – and if an adult is accompanying you, they too can travel at the same reduce fares.

If you do not have a Disabled Person’s Railcard but are registered visually impaired or use a wheelchair, you can get a 34 per cent discount on single and open-return tickets and a 50 per cent discount on day-return tickets. The same discount is available for a companion.

**Local Travel Concessions**

If you are 60 or over or disabled you can get a free travel card which allows you to travel at certain times at concessionary rates on most local public transport services, including specified ferry services, within the concessionary scheme area in which you are resident. The conditions of local concessionary travel schemes are determined by the councils that subsidise them. Contact your council for details of your local scheme.
4.6 FURTHER INFORMATION

Age Concern produces the following fact sheets: 4 Holidays for older people, 26 Travel information for older people and 30 Leisure education. They are available free from Age Concern.

Health advice for travellers T5, published by the Department of Health, gives information on avoiding health risks, planning for holiday travel, obtaining emergency treatment abroad and contains an application for Form E111, which provides free or reduced-cost emergency medical treatment in most European countries. You can get a copy from post offices or from the Health Literature Line on freephone 0800 55 57 77.

In Touch 1995–96 Handbook, a guide to services for people with visual impairment is now out of print, but you can find it on the Internet on http://www.netlink.co.uk/users/pia

Second chances, 11th edition 1997, published by the Careers and Occupational Information Centre, is a guide to adult education, training and employment opportunities in the United Kingdom, Europe and abroad. Designed for careers advisers, it is also intended for use by individuals who want to look for practical up-to-date information and advice. You should be able to consult it in reference libraries, including university libraries. If your local library does not have it, ask if they would borrow it for you.

Sport and leisure, price £1.95 in large print, tape and braille, gives information on activities that can be undertaken by visually impaired people of all ages. It is available from In Touch Publishing, 102 Bute Street, Cardiff Bay CF1 6AD, tel: 01222 222403, which has a library of visual impairment information in large print, tape and braille for visually impaired people and those who care for them.

Working holidays, price £9.99 (1997), is published by the Central Bureau, 10 Spring Gardens, London SW1A 2BN, tel: 0171 389 4004. This annual guide provides information on paid and unpaid seasonal opportunities in 70 countries for people of all ages. Comprehensive details are given on each country on: entry regulations, work and residence permits, medical insurance, passport requirements, travel, accommodation and tourist information.
5 Further Work Opportunities

Contact details and addresses not given in the text can be found in the appendix.

5.1 WHY CONTINUE WORKING?

If you want to continue working after you retire from your present job, you should ask yourself some basic questions about your motives, priorities and expectations. You should also consider the financial implications.

What are your motives? Do you need or want to supplement your income to maintain a particular standard of living that you could not otherwise maintain? Are you afraid of being bored or that you will miss the mental stimulation and companionship that you get from your colleagues? Or do you just need some sense of purpose?

If you are looking for ways to supplement your income, you will need to think about your potential earning power to decide whether whatever work you do will meet that objective. If your prime motive is to replace the companionship and stimulation of your colleagues, you should avoid a solitary occupation or becoming self-employed at home. If these are you main motives, you will need to focus on specific opportunities that will satisfy them. However, if you just need some sense of purpose, your options are very wide, particularly in the voluntary sector.

You should also think about how much time you want to commit to work and whether you view continuing working as a short- or long-term objective. Doing part-time or job-share work could meet most of your needs by boosting your income and giving you companionship and still leave you time to spend on hobbies, take up new leisure interests and do voluntary work. You could easily find yourself busier than ever, especially if you have worked in a very routine job. That in itself is a major benefit in keeping you active physically and mentally.
5.2 WHAT SORT OF WORK?

Do you want to continue working in the same field or start afresh? There may be opportunities to do consultancy or contract work with your current employer once you retire. It is becoming increasingly common for employers to rationalise their workforce by reducing the number of full-time employees, either through redundancy or by offering early retirement, but at the same time retaining a pool of skills that they can draw on for short-term projects. In these circumstances there may be an opportunity for you to take early retirement, while acting as a consultant to your ex-employer and branching out into a new field of work. However, if you do retain links with your former employer, you may forfeit one of the benefits of retirement – throwing off the stresses and frustrations of your former workplace.

On the other hand, you may see retirement as an opportunity to start something completely new as an employee, by becoming self-employed or by starting up a business. If you take one of these routes, you may find that you can use your current skills or you may find that you need re-training (see 5.5).

5.2.1 Consultancy

If you work as a self-employed consultant, your status for income tax and national insurance purposes will be that of a sole trader running a business (see 5.2.3, 5.6.3, and 5.6.4).

There are a number of organisations than keep registers of consultants, who will usually also provide you with information and guidance.

If you have business management skills, you can register with one or more established consultancies who maintain a register of associates. The Institute of Management Consultants (IMC), 5th Floor, 32–33 Hatton Garden, London EC1N 8DL, tel: 0171 242 2140, will send you further information and guidance on management consultancy and details of the standards required for IMC membership.

You could also contact the Confederation of British Industry, which runs the Temporary Executive Service that places senior executives with companies to bridge management gaps or provide a specialist
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service. For further information, contact the Human Resources Directorate, CBI, Centre Point, 103 New Oxford Street, London WC1A 1DU, tel: 0171 379 7400.

A growing area of opportunity for consultancy work is in interim management. This covers temporary management which ranges from specific jobs, such as the closure of a plant or dealing with an emergency, to specialised short-term assignments, such as a marketing campaign or the installation of new technology. For further information, contact the Association of Temporary and Interim Executive Services (ATIES), 36–38 Mortimer Street, London W1N 7RB, tel: 0171 323 4300. ATIES also publishes The Official Guide to Interim Management, £9.95 including postage and packing.

If you have technical expertise at management or professional level, particularly in information technology, telecommunications and project management, you can register with Hogg Robinson Skillbase, 19 Picton House, Westside View, Waterloo, Hants PO7 7SQ, tel: 01705 231040. Skillbase provides flexible resourcing of professional and technical staff; interim professional and executive management services; training and development; and career counselling and outplacement services.

The Department of Trade and Industry, the Welsh Office, Scottish Enterprise and Highlands and Islands Enterprise have networks of one-stop shops that provide assistance to individuals and small firms starting up in business, and for this retain retired executives to run seminars and provide business counselling. If you have senior management, entrepreneurial or business-counselling skills, this could be another source of consultancy work. If you live in England, contact your local Business Link; in Wales, contact Business Connect; within the area of the Scottish Enterprise network, which is Scotland outside the Highlands and Islands, contact your local Scottish Business Shop; and in the Highlands or Islands, contact Business Information Source.

5.2.2 Secondment

If you work for a large company and are still a few years from retirement, your employer may consider seconding you to a local voluntary organisation, enterprise agency or enterprise trust. This could
be part time or full time and last from a few months to a few years. It may also present opportunities for a new career when you retire. Normally, your employer will continue to pay your salary and other benefits because they can offset these costs against tax and it is good public relations for the company. You can find out more about secondment to community organisations from Business in the Community, 44 Baker Street, London W1M 1DH, tel: 0171 224 1600, or Scottish Business in the Community, Romano House, 43 Station Road, Edinburgh EH12 7AF, tel: 0131 334 9876.

5.2.3 Starting a Business

You can start up a business as a sole trader, form a partnership or set up a limited company. Each has a different legal structure and status. This book does not go into the practicalities of starting a business, but free or subsidised information and assistance is available through Business Link, Business Connect, Scottish Business Shops and Business Information Source (see below). You may be eligible for financial assistance, for example, through the Business Start-up scheme if you are unemployed, or for grants and loans that are available for new businesses.

The National Westminster Bank produces The business start-up guide, which covers many of the aspects you need to consider when setting up in business, such as planning, cash flow, bookkeeping and legal considerations. You can get a free copy by phoning 0800 77 78 88, 8 a.m. to 8 p.m. Monday to Friday and 9 a.m. to 6 p.m. Saturday, or write to NatWest Small Business Services, Freepost, Hounslow TW4 5BR.

Business Link in England, Business Connect in Wales, Scottish Business Shops within the area of the Scottish Enterprise network, which is Scotland outwith the Highlands and Islands, and Business Information Source in the Highlands and Islands offer a one-stop service which includes all kinds of business information, instant access to information on business start-ups, and a gateway to other economic development agencies that offer assistance to business, for example, business counselling for new and developing companies.
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Sole Trader
This is the simplest form of business. There are virtually no start-up expenses and very little bureaucracy is involved. The only legal requirements are that you inform the Inland Revenue and Department of Social Security. You will be treated as self-employed for income tax and national insurance purposes (see 5.6.3 and 5.6.4) and you will be liable for income tax on your net profits (i.e., after deduction of allowable business expenses). You will also have to pay national insurance contributions on your earnings.

As a sole trader, you have unlimited liability and are personally liable for all your business debts. If your business fails, your personal and business assets will be at the disposal of your creditors and you could be made personally bankrupt.

Partnership
This is similar to operating as a sole trader in that each partner is treated as self-employed for income tax and national insurance purposes. However, each partner is personally liable for the business debts of the partnership and if one partner defaults, then the others will be liable for any shortfall. You should not go into a partnership without a legal partnership agreement on your rights, roles, responsibilities and liabilities.

Limited Company
A limited company is a legal entity in its own right. Liability for the company's debts is limited to the amount invested in the company by each shareholder. As a director, you are treated as an employee and pay income tax under the PAYE system. The company is liable for corporation tax on its profits. The legal and bureaucratic requirements of setting up a limited company are beyond the scope of this book. However, you can get information and advice from your local Business Link, Business Connect, Scottish Business Shop or Business Information Source (see above).

Franchising
With a franchise, you buy into an established business. In return for your investment and royalty payments to the franchiser, you acquire
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the right to sell the products or provide the service within a particular area. Examples of franchises are Dyno Rod, Budget Rent-a-Car, Wimpy bars and Pierre Victoire restaurants.

As a franchisee, you are effectively your own boss in that you finance the business, employ the staff, and retain the profits after your payments to the franchiser. Normally, you will have to conform with the franchiser's corporate style and in return receive training, management support and back-up services.

You should not buy into a franchise without first taking legal and financial advice. The British Franchise Association, Thames View, Newtown Road, Henley-on-Thames, Oxon RG9 1HG, tel: 01491 578049, publishes a Franchising Information Pack, price £25.00 including postage and packing, which gives advice on buying a franchise and lists members and advisers. The Scottish Franchise Advice Centre and Exhibition, 20 Blythwood Square, Glasgow G2 4AR, tel: 0141 204 4684, offers free independent advice on over 300 franchises and business opportunities on offer in Scotland, plus guidance on how to get government grants to help you start a business.

5.3 ASSESSING YOUR ABILITIES

It would be sensible to assess your skills and abilities, especially if you plan to start afresh in a new field. If you have spent a working life in one or a few jobs, you may never have had to take stock of what you have to offer. Certainly, if you are going to apply for jobs, you will have to market yourself, and the first step is to write it all down.

Talk to your family and work colleagues about this. You will probably find that they identify skills and positive attributes in you that you were not aware of. Look at your whole life experience, not just at the skills and attributes that you have gained from your formal career. When writing down what you have to offer, include your:

- education, qualifications and work experience;
- experience of organisations and activities outside work, such as local politics, voluntary work and the contacts you have built up through these;
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- experience of public speaking, conference and campaign organisation, committee work and fund-raising;
- technical skills, such as computing and production know-how;
- communication skills in foreign languages;
- manual skills, such as home decorating, cooking, gardening, carpentry.

You should also think critically about your personal attributes and skills, such as your health record, reliability, inter-personal skills, ability to work with other people, telephone manner, mobility, willingness to be flexible. Include in your list those that you confidently feel are an asset to you. Don't forget that you will also be offering maturity and be less likely to be preoccupied by domestic demands.

By writing all this down, you will probably be pleasantly surprised at how much you have to offer. You can then organise your curriculum vitae (CV). Whether you do this yourself or use a professional CV writer, it is important not to simply put in everything about yourself each time you send off a job application. Make up a master CV but then tailor this for a specific application. Your tailored CV must be typed, should not be more than two or three pages of A4, and contain:

- Your name, address, telephone number and date of birth.
- Brief details of your education and qualifications.
- A summary of your work experience relevant to the application, with names of employers, job-titles, responsibilities and dates.
- Other relevant work activities.
- Relevant outside interests and experience.

5.4 HELP WITH FINDING A JOB
You may find that the exercises above in thinking about your motives, what sort of work you want to do and assessing your abilities clarify all your questions. If not, you can get job-counselling, which will also provide practical help with job-hunting.
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A job-counsellor can help you with preparing a CV, locating vacancies, making applications and preparing for an interview. A counsellor can also advise on suitable training if you need it. You can either use the services provided by the Employment Service or go to a private agency.

The services offered by the Employment Service are provided through local Jobcentres. They include a range of seminars and individual counselling, and resources such as the use of a telephone and free postage for job applications. Some of the services are restricted to certain categories of unemployed people, but if you have a disability or are the victim of a large-scale redundancy you may be exempt from the restrictions. Your local Jobcentre will be listed in the Phone Book under 'Jobcentres'. Jobcentres also stock a booklet, Just the job, which gives details of programmes and services for unemployed people.

If you decide to use a private agency, you should be quite clear about what is being offered and how much it will cost. Get brochures from a number of agencies and study these carefully. Ask for a list of former clients and speak to a few to find out whether they found the service useful. An agency that is unable or unwilling to provide a list is best avoided. Private agencies are listed in the Yellow Pages under 'Careers advice'.

5.5 TRAINING

If you decide to move into a new field of work, you may find that you need to acquire new skills or perhaps just bring your existing skills up to date. There is a wide range of options, ranging from the national training programme, Training for Work, to local training courses run by Training and Enterprise Councils (TECs) and enterprise agencies in England and Wales, local enterprise companies (LECs) and enterprise trusts in Scotland, private training organisations and colleges of further education.

Training for Work is the government's main adult training programme. It aims to help unemployed people get jobs, including self-employment, through a mix of guidance, training, and approved qualifications or structured work experience or both. You are eligible
for the programme up to the age of 63 if you have been unemployed for six months or more. However, if you have a disability, are leaving the armed forces or are the victim of a large-scale redundancy, you are exempt from the unemployed requirement. To find out more, contact your local Jobcentre.

Your local Jobcentre should also be able to give you details of other local training opportunities. Training providers, including your local TEC or lec, enterprise agencies and trusts and private training providers are listed in the Yellow Pages under ‘Training services’. If you decide to become self-employed or start a business, you should also contact your local Business Link, Business Connect, Scottish Business Shop or Business Information Source (see 5.2.1 and 5.2.3).

Many colleges of further education and university adult education departments run evening classes and summer schools that provide both educational and vocational training courses. Subject areas include, for example, computing, marketing and management, counselling, construction. They may also offer open-learning packages that allow you to study a subject at your own pace and in your own space. Further education providers are listed in the Yellow Pages under ‘Further education’, ‘Schools and colleges’ and ‘Universities’.

Second chances, 11th edition 1997, published by the Careers and Occupational Information Centre, is a guide to further education, training and employment opportunities in the United Kingdom, Europe and abroad. You should be able to consult it in reference libraries, including university libraries. If your local library does not have it, ask if they would borrow it for you.

5.6 THE FINANCIAL IMPLICATIONS OF CONTINUING TO WORK

If you work as an employee then your employer will be responsible dealing with your tax through PAYE and your national insurance contributions if you are liable.

When you start a business, be it as self-employed, by forming a partnership or forming a company, you must notify the Inland Revenue, the Contributions Agency and, if you are liable to be registered for value-added tax (VAT) (see 5.6.5), HM Customs and Excise. The booklet
Starting your own business? is produced jointly by the three departments. It is for anyone setting up in business and deals with income tax, VAT and national insurance. It tells you what you need to tell them to get things right from the start and contains a form that you can use to notify all three departments when you start your business. It is available from any tax office, Contributions Agency or Customs and Excise office.

5.6.1 State Pension
If you continue to work after your retirement age, your earnings will not affect your state pension. However, your earnings and state pension will both count as taxable income. If you earn enough to live on, you can give up your right to receive payment of your state pension in order to earn extra pension called increments. To do so, you must give up your right to a pension for at least seven full weeks. You cannot normally earn increments after the age of 65 (women) or 70 (men). For each complete year you forego your state pension, you would earn about a further 7.5 per cent of your original state pension entitlement. A fuller explanation of this option is given in the leaflet NI92 Giving up your right to retirement pension to earn extra, which is available from the Benefits Agency.

5.6.2 Occupational Pension
You could have problems if you decide to make a career move when you are near to the retirement age of your occupational scheme or take early retirement. Joining a new pension scheme in late middle age can be difficult and there may be restrictions and limitations. If you are a high earner, you could also be affected by the £84,000 earnings cap on entitlement to tax relief (see 3.2.2). If you take early retirement at your own instigation, your occupational scheme may apply actuarial reductions. However, if your employer offers you early retirement as a way of reducing staff levels, you may be offered a golden handshake in compensation. For this, you can receive up to £30,000 tax free, which you could then invest (see 3.3).
5.6.3 National Insurance

National insurance contributions are dealt with by the Contributions Agency. All of the publications listed in this section are available from your local Contributions Agency, unless otherwise specified. If you contact them, always have your national insurance number to hand.

If you are over state retirement age (60 for women and 65 for men) or earn less than £62 a week or £269 per month (1997/98), you are not liable for national insurance contributions. However, if you are over retirement age, you should get a certificate of age exemption to give to your employer. If you make a claim for state pension before you retire, you can request a certificate by ticking the appropriate box on the claim form. Otherwise, you can get a certificate by writing to the Contributions Agency, Class 1 Caseworker, DSS Longbenton, Newcastle upon Tyne NE98 1YX. For further information on national insurance for employees, see the leaflet CA01 National insurance contributions for employees.

If you are liable for class 1 national insurance contributions and you work for more than one employer, you will have to pay these for each job. However, the maximum you would have to pay is £2,201.62 a year. You may avoid paying too much, or reduce your overpayment if you defer payment of contributions for some of your employments. For further information, see the leaflet CA72 National insurance contributions – deferring payment.

If you work through an agency and have not reached retirement age, you will be regarded as their employee for national insurance purposes and the agency will be responsible for deducting your class 1 contributions. However, this will not apply if you work from home, or are not under someone else’s direct supervision, or if you work in the entertainment industry. For more information, see the leaflet CA25 National insurance contributions for agencies and people finding work through agencies.

If you are self-employed and have not reached retirement age, you will have to make class 2 (self-employed) national insurance contributions and pay class 4 national insurance on your earnings. Once you reach retirement age, you will no longer be required to make class 2 contributions but you may still have to make class 4
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payments. For further information, see the leaflets FB30 Self-employed? and CA03 National insurance contributions for self-employed people class 2 and class 4.

If you are below state retirement age and you think that your earnings from self-employment for a particular year are going to be low, you can apply not to make class 2 contributions. The current small earnings exemption limit is £3,480. However, if you get exemption, you may lose entitlement to certain state benefits, including your state pension, so it may be well worth keeping up your payments. For further information, see the leaflet CA02 National insurance for self-employed people with small earnings.

5.6.4 Income Tax

If you start a business as a sole trader or enter a partnership, you will be considered self-employed for income tax purposes. Your profits will be aggregated with any other personal income and taxed at the normal rates (see 3.6.1). You will also be eligible for tax relief on certain expenses incurred ‘wholly and exclusively’ for the purposes of the business, partial expenses if you work from home, spouse’s wages, pension contributions (see 3.6.2), capital allowances and interest on loans.

If your annual turnover is less than £15,000, you are only required to submit simplified accounts that show your income, expenses and profit. However, you must still keep proper records in case the Inland Revenue have a query about them or wishes to investigate. If your annual turnover is more than £15,000, then you will need to keep full trading accounts and have an accountant to prepare a report for the Inland Revenue that confirms that your records are accurate and correct.

However, if as a sole trader most of your earnings come from one company, the Inland Revenue may argue that you are an employee of that company. With the huge increase in self-employment (with its associated tax advantages) and concerns that some employers are only partially off-loading employees to consultancy and contract work as a way of reducing their own tax and national insurance liability, the Inland Revenue have become very strict about the distinction between employee and self-employed. For further information, see
the Inland Revenue leaflet IR56/NI39 Employed or self-employed? a guide for tax and national insurance.

5.6.5 Value-added Tax

If you become self-employed, form a partnership or set up a limited company and your annual gross turnover of goods or services exceeds £47,000, you are required to register for VAT with your local Customs and Excise office. You must do this within 30 days of becoming liable to register.

Most goods and services are liable to VAT at the standard rate, which is currently 17.5 per cent, or at the zero rate, which is nil. Some are exempt. You collect output tax from your clients or customers by adding it to the price you charge, and you pay input tax on the goods and services you buy (as we all do). The input tax is subtracted from the output tax and the difference paid to Customs and Excise. If the input tax is greater than the output tax, you can claim a refund. For further information, see the booklet Should I be registered for VAT?, which is available from any Customs and Excise office.

5.6.6 Taking on Staff

If you employ someone in a business, you become responsible for paying salaries through PAYE, keeping national insurance records, paying benefits, such as Statutory Sick Pay and Statutory Maternity Benefit, and complying with employment legislation. These responsibilities are beyond the scope of this book but you can ask your bank manager or an accountant (who you will need anyway) for information and advice.

You can also get further information from the Inland Revenue booklet IR53 Thinking of taking someone on? PAYE for employers, and the Inland Revenue/Contributions Agency booklet CWG2 Employer’s further guide to PAYE and NICs.

5.7 VOLUNTARY WORK

The range of voluntary work is endless. You can get involved in any number of single-interest voluntary organisations or organisations that help on a broad range of issues in the local community. This is an area
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where you can easily get caught up in enthusiasm for a cause that can be enormously rewarding. It is also an area in which to make new contacts and friends and perhaps see a side of life of which you were unaware.

Broadly, voluntary work can be divided into:

- Clerical work: basic administration, such as typing, answering the phone, handling mail and internal organisation.

- Fund-raising work: organising coffee mornings, jumble sales, collections, sponsored events.

- Committee work: an area where a business, legal or financial background is particularly useful.

- Direct work: a huge range of activities, for example, working in a charity shop, driving, counselling, visiting, providing respite for people who need a break, the application of professional skills, such as nursing, medical, engineering, and so on.

These categories of work need skills that range from the most basic to the highly specialised.

Voluntary organisations are dependent on time freely given, where volunteers have no financial incentive or contractual compulsion. For this reason, the commitment and dependability of their volunteers play a significant part in their success. Therefore, you should be realistic about the time and frequency of your involvement in voluntary work. You should also be clear about the terms and conditions, such as the type of work you will be doing, what is expected of you, when and how often you will be needed, and what expenses (if any) will be reimbursed.

If you do volunteer driving and receive a mileage allowance that is more than the expenses you actually incur, you may be liable to pay tax on it. For further information, see the Inland Revenue leaflet IR 122 Volunteer drivers.

5.7.1 Further Information about Voluntary Work

Local voluntary organisations are listed in the Yellow Pages under 'Charitable and voluntary organisations'.
Your local citizens' advice bureau will not only give you information about local needs for volunteers but may also have need for your voluntary services.

Business in the Community, 44 Baker Street, London W1M 1DH, tel: 0171 224 1600, will send you the leaflets Retiree volunteering, Working in the community: Ford community volunteer scheme and If things are about to change for you.

The National Association of Volunteer Bureaux (NAVb), New Oxford House, 16 Waterloo Street, Birmingham B2 5UG, tel: 0121 633 4555, will put you in touch with local bureaux. They publish The Volunteer Bureaux Directory, price £9.00, including postage and packing from NAVb, which lists voluntary organisations throughout the United Kingdom. The directory should also be available in most public libraries.

The National Centre for Volunteering, Carriage Row, 183 Eversholt Street, London NW1 1BU, tel: 0171 388 9888, will give you information and advice on local opportunities for volunteering. Their information service line is open Monday to Friday 2.00 p.m. to 5.00 p.m. and on Wednesdays from 10.00 a.m. to 12.00 noon as well.

RSVP (Retired and Senior Volunteer Programme), 237 Pentonville Road, London N1 9NJ, tel: 0171 278 6601, encourages those over 50 to participate in volunteering, whatever their career backgrounds.

REACH, Bear Wharf, 27 Bankside, London SE1 9ET, tel: 0171 928 0452, is the Retired Executive's Action Clearing House. It places retired or redundant men and women with business or other professional skills in voluntary organisations throughout the United Kingdom. Placements are part time and voluntary, although out-of-pocket expenses are reimbursed.

The Scottish Corps of Retired Executives (SCORE), Romano House, 43 Station Road, Edinburgh EH12 7AF, tel: 0131 334 9876, which is sponsored by Scottish Business in the Community, helps charitable, voluntary and community organisations and new small businesses. If you have business or management skills to offer on a voluntary basis, you could contact them.

Volunteer Development Scotland, 72 Murray Place, Stirling FK8 2BX, tel: 01786 479593, can put you in touch with local organisations. They publish the Directory of Volunteering
Opportunities, price £6.50, and a guide to later-life volunteering *Over 50 in the 90s*, price £4.00.

The Wales Council for Voluntary Action, Llys Ifor, Crescent Road, Caerphilly CF83 1XL, tel: 01222 869224, which is the umbrella body for volunteering in Wales, will put you in touch with local opportunities.

*50 Plus Guide to good volunteering in Scotland*, price £1.00, is available from Age Concern Scotland. It covers why older people might wish to do voluntary work, how to choose what to do, how to apply and what to expect.

For voluntary opportunities outside the United Kingdom, contact:

British Executive Service Overseas, 164 Vauxhall Bridge Road, London SE1V 2RB, tel: 0171 630 0644,

or

Voluntary Service Overseas, 317 Putney Bridge Road, London SW15 2PN, tel: 0181 780 2266.

### 5.7.2 Public Appointments

There is a wide range of public bodies, such as tribunals, commissions and consumer consultative councils, that can provide you with an opportunity to contribute to the community on a part-time basis. While some appointments are paid, most offer reimbursement of expenses only. You can make yourself known directly to a particular public body that you are interested in, or you can contact the Public Appointments Unit, Cabinet Office (OPS), Horse Guards Road, London SW1P 3AL, tel: 0171 270 6210/6217, and they will send you an application form.
6 Health

Contact details and addresses not given in the text can be found in the appendix.

6.1 A CHANGE IN LIFE STYLE
A change in life style can lead to a major improvement in your health if you eat sensibly and keep yourself physically and mentally active. You may be under less pressure and stress, and have the opportunity to be in charge of the pace of your life, even if you continue in some form of paid or voluntary work. A decrease in pressure and stress can be a time to cut out smoking, if that is a problem for you, and give you more energy to devote to new interests and activities.

While your diet and mental and physical fitness contribute to your well-being throughout your life, if you do not look after your health as you get older, you could compromise your independence of living. There is a huge range of resources, information and advice which are designed to contribute to your continuing good health and you should make good use of them.

6.2 DIET
Half the adult population in Britain is overweight. In middle-aged men, in particular, this can lead to heart problems and other illnesses, and in older people it can restrict mobility. Living on your own can also lead to weight problems if you don’t bother to cook for yourself and rely on snack foods, or neglect yourself and don’t take enough nourishment. Healthy eating in pre-menopausal women can help to offset some of the problems associated with the menopause and avoid the general frailty that makes them more susceptible to falls and broken bones.

If you are concerned about your weight, you should not go on a major diet without first consulting your doctor. Long-term dieting is
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best achieved through re-educating your eating habits rather than going on one of the crash diets often recommended in magazines.

Sensible eating includes avoiding too many sugar- and salt-rich processed foods and food that can lead to high cholesterol levels which can produce fatty deposits in your arteries. This means that you should moderate your intake of high fat foods, such as butter, cream, cheese and processed meat products with high fat content. Concentrate more on fruit, salads, vegetables, fish, white meat, such as chicken, lean meat and plenty of roughage, such as cereals and wholemeal bread.

Bread, fruit and cereals are naturally low in fat, but even with higher fat foods you can cut down on fat without loosing goodness and taste. Grill food instead of frying it. Look for lean meat and trim off excess fat, and remove skin from chicken. Choose more fish – especially oily fish, such as herring, mackerel, kippers, sardines, tuna and salmon which are rich in vitamin D. Use semi-skimmed milk and choose low-fat cheeses. Avoid hidden fats by cutting down on pies and pastries.

*Eat Yourself Healthy,* by Debbie Dalymple, published by the Scottish Consumer Council/The Stationery Office, price £5.99 from bookshops, is based on Scotland's national dietary targets for the year 2005 but will be relevant to anyone concerned about healthy eating. It includes a simple explanation of the guidelines, easy-to-prepare recipes, useful tips about low-fat cooking and handy hints on low-cost shopping.

6.3 KEEPING ACTIVE

Along with a sensible diet goes keeping active. Not only does this keep up your muscle tone and maintain your circulation, but regular exercise helps to prevent conditions that are important as you get older, notably osteoporosis (brittle bones), diabetes, heart disease and probably stroke. As well as preventing disease, regular exercise preserves functions that are important, increases strength, endurance and flexibility, and prevents immobility and isolation, which can lead to loneliness and depression.

However, if you have spent a sedentary working life without much exercise, it would make more sense to walk briskly or swim regularly than launch into playing squash. If you have a garden, try growing
your own vegetables. This will provide you with fresh, cheap produce and good exercise.

If you have never exercised before, and are worried about overdoing it, consult your GP for advice. Your GP may be able to refer you to a local programme. Getting involved in activity programmes is not only a pleasant and effective way of maintaining your fitness and health but it can also be a new source of social contacts.

To maintain a reasonable level of physical fitness as you get older you do not need to do aerobic exercises, so don’t be put off by the images of fit younger people leaping about to pounding pop music. Half an hour a day of any exercise from walking the dog to swimming to gardening will give you health-related benefits.

A wide variety of activity courses are provided by local authority recreation departments and by universities, some in partnership. They are moving away from the stereotype of what is appropriate for older people and you will find golf, folk dancing, Scottish country dancing, exercises to music, yoga, indoor games, swimming and even modern dancing and weight-lifting on offer.

To find out what is available locally, contact the health promotion department of your local health authority in England and Wales, or local health board in Scotland (see under ‘Health’, ‘Health Authorities’ or ‘Health Services’or the name of the authority or board in the Phone Book), and the recreation department of your local council.

Fitness Scotland, Caledonia House, South Gyle, Edinburgh EH12 9DQ, tel: 0131 317 7243, is the governing body for fitness in Scotland. They will also give you details of local classes and programmes (see also 4.3).

6.4 MENTAL HEALTH
Mental health problems can occur at any age. Those mentioned here more particularly affect older people, although they may never be a problem to you.

6.4.1 Depression
Depression is a common experience at all ages. However, older people may be especially liable to depression when physically ill or after a
bereavement. It is more than feeling low-spirited, fed up or down in the dumps, and is a real illness that can affect your thinking, behaviour and health. The condition is treatable, so it is extremely important to get help if you, your partner, a relative or a friend are, or feel you are, abnormally depressed. Early signs include loss of interest and enjoyment, loss of appetite and weight, insomnia and withdrawal from social activity. If you are experiencing these symptoms, you should consult your family doctor. In many cases, simply being able to talk about your problems is the most important thing, and your doctor will be able to refer you to someone with whom you can share these problems. In more severe cases, some form of non-habit forming antidepressant medication may be necessary to help you get over the depression.

6.4.2 Dementia

Dementia is a group of diseases that affect the normal working functions of the brain, of which the most common is Alzheimer’s Disease. Dementia is the fourth most common cause of death after heart disease, cancer and stroke, with 20 per cent of people over the age of 80 and 6 per cent of people over the age of 65 affected.

In Alzheimer’s Disease, changes in the structure of the brain lead to a rate of cell death that is higher than normal in aging. It is progressive, leading to a steady decline.

Vascular dementia is the next most common type. A series of small strokes creates obstructions in the arteries to the brain, so resulting in the loss of small areas of cells each time. Deterioration is gradual and may remain static for some time.

There is currently no known cure for Alzheimer’s Disease. Measures for the control of high blood pressure may help to prevent or reduce the effects of vascular dementia.

In many older people who suddenly become confused and experience symptoms such as memory loss and wandering, this may often be due to other potentially treatable conditions such as an infection. In some other cases, older people suffering from memory loss and lack of concentration may in fact be suffering not from dementia but from depression. These are all potentially treatable conditions and medical advice should be sought.
Dementia usually interferes with the memory and the ability to think and reason. As a result, people who suffer the illness become increasingly unable to look after themselves and can be unreasonable in their relationships. If you are looking after someone with dementia, or who you suspect might have dementia, you should seek medical help. People with varying degrees of dementia can benefit from a consultation with a GP and, when necessary, a specialist. Similarly, if you yourself are becoming concerned about memory loss, you should seek medical advice.

If you have problems with coping with looking after someone with dementia, see your doctor, community psychiatric nurse, district nurse, health visitor or contact your local social services or social work department.

Alzheimer's Disease Society, Gordon House, 10 Greencoat Place, London SW1P 1PH, tel: 0171 306 0606, for England and Wales, and Alzheimer Scotland – Action on Dementia, 22 Drumsheugh Gardens, Edinburgh EH3 7RN, tel: 0131 243 1453, have local groups who can provide personal and practical advice and support for carers.

MIND (The Mental Health Charity), Granta House, 15–19 Broadway, London E15 4BQ, tel: 0181 519 2122, and 23 St Mary Street, Cardiff CF1 2AA, tel: 01222 395123, and The Scottish Association for Mental Health, Cumbræ House, 15 Carlton Court, Glasgow G5 9JP, tel: 0141 568 7000, have local groups who can provide support for individuals recovering from depression and other mental illness.

6.5 LOOKING AFTER YOUR HEALTH
6.5.1 Alcohol
Alcohol in moderation can be part of a healthy diet but drinking too much can damage your health and your purse, hurt your family and friends and increase the chances of an accident. This is more likely to happen if you are feeling bored or depressed and it will also exacerbate these conditions. Keep to the following daily limits: two to three single spirits or glasses of wine or one to one and a half pints of beer for women; three to four single spirits or glasses of wine or one and a half to two pints of beer for men. Try to leave a day or two a week drink free.
If you are concerned about your alcohol consumption, you can call Drinkline, the national alcohol helpline, tel: 0345 320202, local call rate. Alcohol Concern, Waterbridge House, 32–36 Loman Street, London SE1 OEE, tel: 0171 928 7377, The Welsh Drugs and Alcohol Unit, St David's House, Wood Street, Cardiff CF1 3ER, tel: 01222 667766, or The Scottish Council on Alcohol, 166 Buchanan Street, Glasgow G1 2NH, tel: 0141 333 9677, will provide you with details of local sources of advice and information.

6.5.2 Smoking

Giving up smoking is not something to leave until you retire. If you leave it until then, the risks of heart disease, cancer, chronic bronchitis and emphysema will be significantly higher. You are more likely to succeed by stopping completely rather than by cutting back. The advantages of stopping are not only to your immediate and long-term health but you will also find that you gain an enhanced sense of smell and taste and a healthier bank balance. And it will benefit the health of those you live with.

Smokeline, freephone 0800 84 84 84, offers free advice, counselling and encouragement to those wishing to give up smoking, and will send you a self-help booklet.

6.5.3 Health Checks

Your doctor is required to offer you an annual health check when you are 75 or older. Before that, regular health checks are an easy way of spotting problems at an early stage when they may be effectively treated. Your doctor may suggest the following:

- **Heart check**: smoking, high blood pressure and high cholesterol are the main factors that have been linked to heart disease but problems spotted early enough can usually be treated with a change in your lifestyle. Your GP will help with advice on diet, exercise and stopping smoking.

- **Cervical smear test**: this test can find early cell changes in the cervix which can be treated before they become cancerous. The test should be carried out every three years on women aged
between 20 and 60. It is quick, painless and could save your life. If you are a woman outside this age range and have not had a test within the last three years, you can ask for one. A free leaflet, *NHS cervical screening: your smear test*, is available from GPs and women’s health centres in England and Wales, and the free booklet, *The cervical smear test: what you need to know*, is available from GPs and local health boards in Scotland (see 6.8).

**Breast screening:** this is a test for breast cancer which uses mammography, a type of x-ray, which can detect very small breast lumps, most of which are not cancerous. Early detection increases the chances of cure, so regular screening is available for women between the ages of 50 and 64. Beyond the age of 64, women must request it, and are strongly encouraged to do so as the risk does not diminish with age. A free leaflet, *NHS breast screening: the facts*, is available from GPs and women’s health centres in England and Wales, and a free leaflet, *Breast screening in Scotland*, is available from GPs and local health boards in Scotland (see 6.8).

6.5.4 **Eyes**

It is not unusual for your eyesight to change with age and it is a good idea to have your eyes tested regularly as some underlying medical conditions can be detected. If you go to an optician, always ask if you are eligible for a free NHS sight test. If not, you should shop around as costs can vary from one optician to another. If you are given a lens prescription, you can buy your glasses elsewhere if you wish. If you are on a low income or need complex lenses, you may be entitled to an NHS spectacles voucher (see 6.7).

6.5.5 **Hearing**

Consult your doctor if you find it hard to follow conversation, hear the telephone or doorbell, or need to turn up the television or radio. Your doctor may send you for a hearing test. Hearing aids are free through the NHS to everyone who needs them, as are batteries and repairs. Hearing aids provided by a private dispenser can be very
expensive and you will not get free batteries or repairs. Be very wary of hearing aid advertisements and salesmen who offer to visit you at home.

6.5.6 Teeth
You can keep your teeth all of your life with proper care. This includes regular brushing and dental checks. Your dentist may be able to visit you at home if you are housebound. If you or your partner are receiving certain qualifying benefits, NHS dental treatment is free, and if you are on a low income, you may be able to get help with the cost of treatment (see 6.7). A free fact sheet, 5 Dental care in retirement, is available from Age Concern.

6.5.7 Feet
Looking after your feet is important at any age as minor problems can lead to major ones. If you have a problem with your feet, your doctor will be able to put you in touch with an NHS chiropodist. Practice nurses and chiropodists attached to a surgery can also provide useful assistance and advice to help you look after your feet and can treat painful conditions such as bunions.

6.6 DISABILITY AND IMMOBILITY
Disability and immobility here includes specific disablements and the loss of mobility or restrictions that may come about as you get older, so that you need help with maintaining as independent a lifestyle as possible.

6.6.1 Access to Local Services
If you become disabled, your local council is responsible for providing many of the services you may need. Access to local services provided by your council's social services department, in England and Wales, or social work department, in Scotland, is subject to an assessment of your needs. They are able to purchase or provide a wide range of services for people living at home, including:

- meals-on-wheels;
- practical help in your home, perhaps with some home help;
day centres and lunch clubs;
- adaptations to your home (see 7.2.6);
- orange badges for cars used or driven by people with a disability;
- advice on other local transport services and concessions;
- help with looking after a spouse, partner, other relatives or friends;
- the loan of aids and equipment that may be useful for older people and their carers, such as toileting and lifting equipment.

For further information, the fact sheet 32 Disability and ageing: your rights to social services is available free from Age Concern.

6.6.2 Organisations that can Help

There are a number of organisations that can help with practical advice and information.

Age Concern has local member groups in England, Wales and Scotland that run autonomous services in their areas.

Disabled Living Centres provide information and advice about a wide range of products and equipment from complex disability equipment through to those designed to help with daily living, as well as an opportunity to see and try out what is available. Their services include offering solutions to practical difficulties in daily living, whether they arise from changing ability, aging or disability. There are currently 41 centres in the United Kingdom, with more due to open. For details of your nearest centre, contact the Disabled Living Centres Council, 1st Floor, Winchester House, 11 Cranmer Road, London SW9 6EJ, tel: 0171 820 0567.

The Royal Association for Disability and Rehabilitation (RADAR), 12 City Forum, 250 City Road, London EC1V 8AF, tel: 0171 250 3222, minicom: 0171 250 4119, provides help and advice across a wide spectrum, including statutory and voluntary services, mobility issues, holidays, employment, civil rights and housing.

Disability Wales, Llys Ifor, Crescent Road, Caerphilly CF83 1XL, tel: 01222 887325, and Disability Scotland, Princes House, 5 Shandwick
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Place, Edinburgh EH2 4RG, tel/minicom: 0131 229 8632, are the national umbrella organisations on disability issues in Wales and Scotland respectively. They provide information and advice on access and mobility, community care and leisure and arts.

Motability, Goodman House, Station Approach, Harlow, Essex CM20 2ET, tel: 01279 635666, provides cars, powered wheelchairs and scooters for people with a disability. If you receive the higher rate mobility component of the Disability Living Allowance or the War Pensioner's Mobility Supplement, you can use your allowance towards the cost of obtaining a car, powered wheelchair or scooter through the Motability scheme. Special terms have been arranged with motor manufacturers, banks and insurers to provide a variety of schemes to enable disabled people become mobile.

BT has a wide range of devices for people with hearing difficulties, visual impairment, impaired mobility and other problems that can make using a telephone difficult. The BT Guide for people who are disabled or elderly, is available from BT, tel: 150 if you are a BT customer, or freephone 0800 800 150.

6.7 HELP WITH NHS COSTS

The following groups of people are entitled to help with NHS costs:

- women and men over 60 automatically get free NHS prescriptions;

- people (and their partners) on Family Credit, Income-based Jobseeker's Allowance, Disability Working Allowance or Income Support get free dental treatment, wigs and fabric supports, prescriptions, and vouchers for glasses automatically;

- war or MOD disablement pensioners get free prescriptions, free wigs and fabric supports for the disability for which they receive their pension, help with the cost of glasses and dental charges for the disablement that entitles them to their pension, and may get help with other NHS charges;

- people with a listed medical condition get free NHS prescriptions. Get form EC92A (which lists the conditions) from
your hospital, doctor or pharmacist to apply for an exemption certificate;

- people who are housebound and have a continuing disability which means that they cannot get out without the help of another person get free NHS prescriptions.

Even if you do not have an automatic right, you may be able to get some of these benefits free, or at reduced cost, if your income is low and your capital is £8,000 or less (£16,000 or less if you are permanently resident in a residential care or nursing home). If you have a partner, any capital he or she has is counted with yours.

If you want to claim on low-income grounds, get form HC1, *Claim for help with NHS costs*, from a Benefits Agency office, hospital, dentist, optician or family doctor, complete it and send it to the address provided. If you qualify, you will normally be sent either certificate HC2 for full help or certificate HC3 for limited help, within four weeks.

### 6.7.1 Sight Tests

You will get a free NHS sight test if you:

- are getting Income Support, Income-based Jobseeker’s Allowance, Disability Working Allowance or Family Credit (or your partner is);

- have a certificate HC2 (full exemption from NHS charges);

- need complex lenses as defined for the NHS voucher scheme for glasses;

- are registered blind or partially sighted;

- are a diagnosed diabetic or glaucoma patient;

- are aged 40 or over and are the brother/sister/parent/child of a diagnosed glaucoma patient;

- are a patient of a hospital eye department.

### 6.7.2 Travel Costs to Hospital

You can get travel costs to and from hospital for NHS treatment, either as an in-patient or an out-patient if:
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- you or your partner get Family Credit, Income-based Jobseeker's Allowance, Disability Working Allowance or Income Support; or
- you are on low income and have certificate HC2 (full help) or certificate HC3 (limited help).

If you live on the Isles of Scilly and have to travel to a mainland hospital for NHS treatment, or live in the Highlands and Islands and have to travel at least 30 miles (48 km) by land or more than 5 miles (8 km) by sea for NHS treatment, and are not in receipt of one of the above benefits or have not been assessed as someone on a low income, you can get help with travel costs. For more information, ask your health centre or doctor before you go to hospital.

6.8 FURTHER INFORMATION AND ADVICE

You can get comprehensive information about health services and the NHS from the NHS Helpline by telephoning 0800 22 44 88, free of charge.

For more information on NHS costs, see the leaflets HC11, Help with NHS costs, or HC11 (LP) which is a large-print version, and HC12, NHS charges and optical voucher values, which you can get from the Benefits Agency, a family doctor or a post office. Leaflet, HB6 Equipment and services for the disabled, is available from the Benefits Agency.

For information on Social Security benefits and health costs, the booklet, FB2 Which benefit? a guide to social security and help with health costs, is available from the Benefits Agency, Jobcentres and post offices.

A very useful book, Health and well-being: a guide for older people, is available free from the Department of Health, PO Box 410, Wetherby LS23 7LN.

A book, The time of your life: a fresh look at the menopause, should be available from health boards in Scotland, or you can get a free copy from the Health Education Board for Scotland, Woodburn House, Canaan Lane, Edinburgh EH10 4SG, tel: 0131 536 5500.

The Wellbeing Health and Disability Information Service, tel: 0141 248 1899 (24 hours) is a free information service that can put you in touch with other organisations that can help. Wellbeing has a database
of over 16,000 national and local organisations, self-help and support groups as well as an extensive collection of leaflets on all aspects of health and disability.

You can also get information about NHS services or help when things go wrong or communication breaks down from the following organisations.

6.8.1 Health Authorities and Health Boards

Your local health authority in England and Wales, or health board in Scotland (see under 'Health', 'Health Authorities' or 'Health Services', or the name of the authority or board in the Phone Book), publishes a directory of GP services and has information about hospitals and other health services in your area. Health authorities and health boards also deal with complaints.

Their health promotion departments stock a wide range of free health-promotion literature and materials, including videos. Some videos can be borrowed and others you can go and watch.

6.8.2 Community Health Councils (CHC) and Local Health Councils (LHC)

Your local community health council in England and Wales, or local health council in Scotland (listed in the Phone Book under 'Health', 'Health Councils' or 'Health Services'), is your official consumer representative in the NHS. CHCs and LHCs can give you information about local services and advice and information about making a suggestion or complaint.
7 Housing

Contact details and addresses not given in the text can be found in the appendix.

7.1 STAYING PUT OR MOVING
A decision you may have to face as you come up to retirement is where you are going to live. Your decision whether to stay put or move may be dictated by financial or practical circumstances.

7.1.1 Staying Put
A house that has adequate space when children are living at home and you are still working may seem expensive in terms of money and your time if you have less need for the space and have to live on a lower income. However, when thinking about where you are going to live, there are some factors you should consider:

- You are likely to have most of your social contacts geographically close to your home. Moving away from them can be an enormous strain.

- What are you going to do with yourself when you retire? If you decide to become self-employed, take up voluntary work or expand your hobbies, the extra space may well come in useful as a study, office or workshop. And there are ways to help with meeting the running costs (see 7.3).

- What if you or your spouse or partner were to become ill or disabled? How adaptable is your present house?

- Do you have relatives who you may wish or need to care for in the future?

- How accessible is your home to public transport if, at some time in the future, you or your partner are no longer able to drive a car?
Can you adapt or improve your home now to take account of your changing circumstances in the future? If you can, you should think about whether it might be better to make some improvements, for example, to the heating, wiring and insulation, or changes, for example, to the garden to make it easier to maintain, before you retire, as this could help your cash flow later (see 3.1).

If you own your home and feel it is now too big, it might be worth sub-dividing it and selling or renting out a part of it. You might be able to borrow money from the lender who gave you your mortgage to make the alterations. If you are disabled and need adaptations to your home to meet your needs, you may be able to get practical and financial help with the work (see 7.2.6).

### 7.1.2 Moving

If you decide to move, you should consider whether to rent or buy. This may depend on whether you are renting your home at the moment or own it. It is worth considering the advantages and disadvantages of both. While owning your home might be a worthwhile investment, it may tie up capital that you could otherwise invest to boost your income in retirement. However, if you do not need the capital, you may prefer the security of knowing that you have a home to pass on eventually to your spouse, partner or children. If you are not sure about your longer term plans or particularly if you decide to buy or rent some kind of sheltered accommodation when you get older, renting might make more sense.

If you move away from your current neighbourhood, you may wish to be living closer to your children or extended family, or to fulfil a dream of a home in the country or by the seaside. While there is a logic to living close to your family, you should ask yourself:

- Would I choose to live in that area if they were not there?
- Would the choice of location restrict my future options, such as moving to sheltered accommodation?
What would I do if my family decided to move away from the area because of a promotion or career change?

Would I still wish to live there if my partner died?

If you are a city dweller and are thinking of moving to the countryside, there are advantages and disadvantages to both. A city or town offers more choice of housing, services and social life. On the other hand, compared with the countryside, your environment may be more polluted and crowded, house prices and insurance costs may be higher and public transport may be poor in some parts of cities. The countryside may offer a better environment, more possibilities of a garden or land, lower insurance costs and an easier pace of life. On the other hand, compared with a city, the countryside can be cut off in winter, there is less choice of housing, and services, leisure facilities and public transport may be non-existent. You will also have less choice of social activities and it may take a while to become accepted in the local community. Some popular ‘retirement areas’ may leave you cut off from the normal cross-section of society and local health services may be over-stretched.

These considerations are even more important if you consider moving abroad. You may have difficulties with having to learn a foreign language (or otherwise be confined to the local English-speaking expatriate community), lower standards of health and social care, and the purchasing power of your pension may be affected. It may be that none of these issues is a problem and that your standard of living would be better. However, they are issues to which you should apply some thought and planning.

Further information on the practicalities of moving house in Scotland is available in *Moving House in Scotland: A Guide to Buying, Selling and Renting,* by Derek Manson-Smith, price £5.95 from bookshops.

7.2 **MAXIMISING YOUR INDEPENDENCE**

Whether you decide to stay put or move home, you should look at ways you can maximise your independence by making your home more practical and efficient. Home improvements might be better
done sooner rather than later when you are no longer earning a regular salary. Any changes you make should be aimed at making it as economic, labour-saving and convenient as possible.

7.2.1 Insulation

When you retire, you may need higher levels of heating for longer periods during the day. A simple and effective way to counter the increased costs is to improve the insulation of your home. Heat is lost through the roof, walls, floors and doors and windows.

**Loft insulation:** up to a quarter of your heat loss is through the roof. A layer of insulating material at least 150 mm thick laid between and over the ceiling joists is a very effective way of reducing this loss.

**Walls:** up to half of your heat loss is through the walls. If your house has cavity walls, you could consider cavity-wall insulation. This is quite expensive to carry out, but given a saving of about 25 per cent on your heating bills, you could recover the outlay in about four years.

**Floors:** up to 15 per cent of heat loss is through the floors. You can insulate the space beneath wooden floors as you would a loft, so long as you make sure that adequate ventilation is maintained. Solid floors can be insulated with carpets or cork tiles.

**Door and windows:** up to another quarter of your heat loss can be through single-glazed windows and ill-fitting doors. Draught-proofing is inexpensive and effective. Double glazing is expensive but effective at reducing heat loss and noise penetration.

**Hot water cylinders:** most cylinders now come already insulated. If you have an uninsulated cylinder, you can reduce the heat loss by 75 per cent by fitting an insulating jacket, which should be at least 80 mm thick.

Sources of financial assistance are given in section 7.2.3 and advice and information in section 7.2.4.

7.2.2 Heating

You may be able to economise on heating costs by switching fuel and upgrading your heating system. Also, with energy supply becoming deregulated, you may be able to save money by switching
to a new supplier. An effective and cost-efficient system becomes more important as you get older and spend more time at home. This is an area of expenditure that you should consider sooner rather than later. However, before doing so you should get advice about heating systems, running costs and energy conservation from one of the sources listed in sections 7.2.3 and 7.2.4.

If your current space and water heating system is adequate, you should look at ways of making it more economical by being more energy efficient by, for example, turning down the thermostat by 1°C or reducing the time it is on or both (assuming of course that you don’t actually need more heat), installing a shower, which is more economical than a bath and, as you get older, more convenient.

You can also be more energy efficient in the use of cooking appliances, such as an electric casserole and frying pan and a microwave oven, and by using low-energy light bulbs.

If you decide to install new heating, you should make sure that the equipment complies with appropriate standards – BEAB (British Electro-technical Approvals Board) or CCA (Cenelec Certification Agreement), which is the European Union equivalent, and that the contractor is a member of a relevant trade association or, in the case of gas appliances, is registered with the Council for Registered Gas Installers (CORGI).

7.2.3 Financial Assistance with Energy Efficiency

If you or your partner are receiving one of certain qualifying benefits or are aged 60 or over, you may be eligible for assistance under the Home Energy Efficiency Scheme (HEES). You can get grants for loft, pipe, hot and cold water tank insulation, draught-proofing, cavity-wall insulation, improvements to heating controls, energy-efficient light bulbs and basic energy-efficiency advice. You can arrange for the work to be carried out by a local approved installer or you can have a grant to pay for the costs of materials only.

You will qualify for a full grant if you or your partner own or rent your home and receive one of the following: Income Support, Income-based Jobseeker’s Allowance, Family Credit, Housing Benefit, Council Tax Benefit, Disability Working Allowance, Disability Living Allowance,
Attendance Allowance, a War Disablement Pension with Constant Attendance Allowance or mobility supplement, Industrial Injuries Disablement Benefit with Constant Attendance Allowance. If you or your partner is aged 60 or over and do not receive any of these benefits, you will qualify for a lower grant.

The full grant is up to £315 if an installer does the work, or £160 for materials only. The lower grant is £78.75 if an installer does the work, or £40 for materials only.

HEES is run on behalf of the Department of the Environment by the Eaga Ltd, Freepost, PO Box 130, Newcastle-upon-Tyne NE99 2RP, freephone 0800 072 0150, minicom 0800 072 0156, who will provide you with details of grants and how to apply for them.

Eaga Services Ltd administers many different energy-efficiency initiatives on behalf of electricity companies and local authorities. As there are varying criteria, depending on the scheme, contact them on freephone 0800 072 0152 to find out whether there is a scheme suitable for you.

7.2.4 Further Information and Advice on Energy Efficiency

Energy supply companies produce a range of free leaflets on energy efficiency. You can get these from local showrooms (see under 'Gas' or 'Electricity' in the Phone Book). You should also look out for energy-efficiency literature from the new energy suppliers entering the market.

Age Concern produces a free fact sheet 1 Help with heating.

7.2.5 Improvements, Repairs and Adaptations

If you decide to carry out improvements and repairs to your home, there are some factors you should take into account:

- Any alterations that involve structural changes may need planning permission or building control consent or both. The two processes are governed by entirely separate legislation and it is up to you to find out whether either or both are required. Some properties which have special character may also be listed as of special architectural or historic interest: changes to these buildings need listed-building consent. There may also be
conditions in your lease or title deeds that prohibit alterations that you might want to make. If you do not get any necessary permission or building control consent, you could be faced with very expensive work to meet the conditions or undo the work. Also, if you later decide to sell your home, you could have problems over the sale. So, make sure that enquiries are made before you begin. It is very important to make sure that any documents giving planning permission or building control consent and completion certificates that arise from the work are placed with your title deeds or lease for safekeeping.

- You may be able to get financial assistance for improvements and repairs from your council, and if you are disabled you have a right to grants and assistance with the costs of any special adaptations you may need (see 7.2.6).

Planning Permission

You will not need planning permission for certain minor changes, for example, most loft conversions or dormer windows, hedges, low fences and walls and a satellite dish up to 90 cm in diameter (although there are requirements about where a dish can be sited). However, some loft conversions and dormer windows do require planning permission. For some changes, you do not need planning permission, provided certain conditions are fulfilled, for example, small extensions, garages and outhouses. Most porches to the front of a property do require planning permission.

You will need permission, even for those changes that do not normally require it, if:

- the property is a listed building (that is, a building listed under the Town and Country Planning Acts or the Town and Country Planning (Scotland) Acts as being of special architectural or historic interest);

- the property is in a conservation area (that is, an area designated as of special architectural or historic interest, the character or appearance of which it is desirable to preserve or enhance);
in other circumstances if conditions have been imposed, restricting the types of changes allowed.

It is important to be absolutely sure about the position, so you should always contact the planning department at your local council before starting any work.

**Building Control Consent**

As well as planning permission, you may need building control consent. This takes the form of a permission, in England and Wales, or a warrant, in Scotland, from the local authority building control department. They are required to ensure that the proposed building works comply with the building regulations standards. For example, you need to have building control consent for internal and external alterations to existing buildings, new structures and alterations to the drainage system. Again, you should check beforehand whether the work you are planning to do needs building control consent.

You do not need approval for minor work such as general repairs, the installation of fitted wardrobes or electric heaters, and the installation of gas appliances by approved fitters.

**7.2.6 Financial Assistance with Improvements, Repairs and Adaptations**

Most forms of financial assistance for improvements, repairs and adaptations are discretionary, unless you are disabled, and means tested. If you are not eligible, you could take out a bank loan or ask your bank or building society if they would offer you an interest-only mortgage to cover the cost of the work.

**England and Wales**

If your home needs serious repairs to it, you may be able to get a house renovation grant or home repair assistance from the council to whom you pay your council tax. If you consider this, contact the housing or environmental services department before you start any work.

House renovation grants are for larger repairs and improvement works, and also for conversion work, for example, to convert a house
or building to flats. They are discretionary and eligibility depends on your income and savings and the council’s priorities.

Information on the different grants available is given in the free booklet, *House renovations grants*, which is available from the Department of the Environment, Transport and the Regions.

Home repair assistance is a discretionary form of assistance which provides practical help, either through a grant or the provision of materials, for small-scale works of repair, improvement and adaptation to a dwelling, house-boat or mobile home. To qualify, you must be elderly, disabled or infirm, or looking after someone in one of these three categories, or in receipt of Income Support, Income-based Jobseeker’s Allowance, Council Tax Benefit, Housing Benefit, Family Credit or Disability Working Allowance.

Further details are given in the free booklet, *Home repair assistance*, which is available from the Department of the Environment, Transport and the Regions.

*Scotland*

Grants are available to owners and tenants to help meet the cost of improvement and repair work to houses in the private sector. You can apply if you are an owner or a tenant, although if you are a tenant, you must first get your landlord’s written permission. If you consider applying for a grant, contact the grants section of your council before you start any work.

Most grants are at the discretion of the council and your eligibility will depend on the kind of work, the age and value of your house and the council’s priorities. Normally, your house should be more than 10 years old and be in council tax bands A to E.

Generally, mandatory grants are only available if your council has served you with a statutory notice, such as a repairs notice or improvement order, or if your house is in area that has been declared a housing action area for improvement. The exception is that grants are mandatory where standard amenities, such as a bath or shower, a wash-hand basin, a sink, hot and cold water and a toilet, are required.

Discretionary home improvement grants may be made to bring an existing house up to the tolerable standard, for example, by dealing
with structural instability or putting in a damp-proof course, and may also be available for converting two properties into one, sub-dividing one property into two or converting a building into a house.

For further information, the booklet *House improvement and repairs grants* is available free from The Scottish Office Development Department, and fact sheet 13, *Older home owners: financial help with repairs*, is available free from Age Concern.

**Care and Repair**

If you own your home or rent it from a private landlord (other than a housing association) and you or someone in your family is elderly or disabled and, because of this, cannot cope with the layout of your home, you could qualify for a grant to make suitable alterations if your council has a care-and-repair scheme. Some charitable organisations, such as Age Concern Scotland, also run care-and-repair schemes. Care-and-repair schemes provide free advice and technical assistance about repairs and improvements, including help with the completion of application forms for grants that may be available from the council and other sources. For further information, contact:

- Care and Repair (England), Castle House, Kirtley Drive, Nottingham NG7 1LD, tel: 0115 979 9091.
- Care and Repair Cymru, Norbury House, Norbury Road, Cardiff CF5 3AS, tel: 01222 578286.
- Care-and-Repair Scotland, 5 Finnieston Quay, Glasgow G3 8HN, tel: 0141 221 9879.

**Financial Assistance for People with Disabilities**

**England and Wales**

Disabled facilities grants are available to provide facilities and adaptations to help disabled people to live independently and in as much comfort as possible. They may be made for the house you live in now or where you intend to live once the work is carried out. They are means tested, and to qualify you must be disabled under the terms of the Housing Grants, Construction and Regeneration Act 1996.
LOOKING FORWARD TO RETIREMENT

The disabled facilities grant is mandatory if you are disabled and do not have access to your home and the basic amenities within it, provided you qualify on income grounds, and the council agrees that the works are reasonable and possible to carry out. Works covered by a mandatory grant include:

- making it easier for you to get into and out of your home;
- providing easier access to the living room, bedroom, kitchen and bathroom;
- providing suitable bathroom and kitchen facilities;
- making your home safe for you and people living with you;
- adapting heating or lighting controls to make them easier to use;
- improving the heating system.

Discretionary grants can be given for a wide range of other works.

Further information is given in the free booklet, Disabled facilities grant, which is available from the Department of the Environment, Transport and the Regions.

Disabled facilities grants are available from the housing department of the local council to whom you pay council tax. However, you should first contact your social services department, which, depending on where you live, may be part of the same local authority. The social services department may be able to help with the cost of works not covered by a disabled facilities grant and may have a duty to help you with:

- the provision of practical assistance within the home;
- provision of disability aids and equipment;
- assistance with adaptations to the home.

A free fact sheet 32 Disability and ageing: your rights to social services, is available from Age Concern England.

Scotland

If you are registered disabled or could be registered disabled, you have the right to an assessment of your needs by the social work
department. This includes your need for house adaptation and help to have the adaptation works carried out. Following the assessment, the social work department should either provide what is needed or provide assistance, including financial assistance to help you with the cost of the adaptation. If you are a tenant of a council, Scottish Homes or other public-sector landlord, your landlord should carry out the adaptation if it is recommended by the social work department. If you are a tenant of a housing association, then the association should arrange to have the work carried out for you. If you are a home owner or a private tenant, you can apply to the council for a home improvement grant to help with the costs.

If you are disabled, ‘improvement’ of a house means:

- alteration or enlargement;
- making the house suitable for your accommodation, welfare or employment;
- doing repairs associated with an improvement grant.

The grant may be made for the house you live in now or where you intend to live once the work is carried out. There are two main types of grant:

- **Mandatory**: those which you have a right to for the installation of ‘standard amenities’, for which there is a fixed grant payable for each amenity.

- **Discretionary**: those which the council may provide but are not legally bound to. They can pay up to 75 per cent of the approved cost of adaptation works, subject to certain conditions.

For further information, see the booklet *Access to housing in Scotland: rights for disabled people. Finding a house, adapting your home*, which is available free from HomePoint. A free fact sheet, *32 Disability and ageing: your rights to social services*, is available from Age Concern Scotland.
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7.2.7 Information and Advice on Products and Equipment
Disabled Living Centres provide information and advice about a wide range of products and equipment designed to help with daily living, as well as an opportunity to see and try out what is available. Their services include offering solutions to practical difficulties in daily living, whether they arise from changing ability, aging or disability. There are currently 41 centres in the United Kingdom, with more due to open. For details of your nearest centre, contact the Disabled Living Centres Council, 1st Floor, Winchester House, 11 Cranmer Road, London SW9 6EJ, tel: 0171 820 0567.
A free fact sheet, 42 Disability equipment and how to get it, is available from Age Concern.

7.3 USING YOUR HOME TO PRODUCE INCOME OR CAPITAL
With a drop in income after retirement, you may find that with your main asset being your house, you are asset-rich but cash-poor. However, there are ways that you can use your home to boost your income or raise capital. You can raise income through taking in lodgers or converting and renting out part of your home. You should also make sure that you receive any benefits you are entitled to, such as Housing Benefit and Council Tax Benefit. You can raise capital on your home by sub-dividing and selling part of it or you can release some or all of its capital value through a home income plan or home reversion scheme.

7.3.1 Taking in Lodgers
Taking in lodgers is the simplest way to raise income, but make sure that you are aware of the requirements and implications before doing so.

As an incentive to people to let out rooms, the ‘Rent a Room’ scheme allows you to earn up to £4,250 a year or £81.73 a week from letting out rooms free of tax. Any excess is assessed for tax in the normal way. For further information, see the Inland Revenue leaflet IR87 Letting and your home. It includes information on the scheme,
shows how income from letting furnished rooms is treated for tax purposes and explains the expenses you can claim, capital allowances and capital gains tax.

Under this type of arrangement, you provide fully-furnished accommodation and, as a resident landlord, share as much of the rest of your home as you wish. The rent you charge is a matter for informal agreement between you and your lodger. You can easily end the arrangement by giving the lodger at least four weeks' written notice to quit and the lodger has no right to stay longer than the agreed period. You do not need a court order to evict a lodger as long as both of the following conditions are met: the lodger does not have the exclusive right to occupy any part of the house or rooms you are letting; and you or a member of your family shares living accommodation with the lodger.

For further information in England and Wales, see the booklets *Want to rent a room?* and *Housing Booklet 22 Letting rooms in your home: a guide for landlords and their tenants*, which are available free from the Department of the Environment, Transport and the Regions. For further information in Scotland, see the leaflet *Letting a room in your house*, which is available free from the Scottish Office Development Department.

If you have a mortgage or you are a tenant, you must get your lender's or landlord's permission and you must check that there are no restrictions in your lease or title deeds on you letting rooms. You must also notify your home-contents insurer before you let. Some insurers will not provide cover, or restrict cover on a household with lodgers, so you may have to consider a different company. Unless you make a specific arrangement, your home-contents insurance cover will not extend to your lodger's possessions and you should make this clear to any prospective lodger.

### 7.3.2 Converting and Renting Out

If your home has suitable space and layout, you could convert part of your home to create a separate self-contained flat and rent this out either furnished or unfurnished. You may be able to get financial assistance for the work (see 7.2.6).
LOOKING FORWARD TO RETIREMENT

Under this type of arrangement, you do not qualify as a resident landlord. The rent you charge is a matter for negotiation between you and your tenant. You can end the arrangement by giving the tenant at least four weeks' written notice to quit and the tenant has no right to stay longer than the agreed period. If your tenant fails to leave on the expiry of a notice to quit, you would normally have to obtain a court order to remove him or her legally.

For further information, see the booklets listed in 7.3.1.

Information about your rights and responsibilities as a landlord in England and Wales is given in the booklet Assured and assured shorthold tenancies, which is available free from the Department of the Environment, Transport and the Regions, and in Scotland in the leaflet Private sector tenants: your rights which is available free from the Scottish Office Development Department, and the booklet Private tenants and landlords: trouble-shooting guide, which is available free from HomePoint.

Any conversion work that involves structural changes may need planning permission or building control consent or both (see 7.2.5). If in doubt, ask, or you could lose any financial benefit by having to rectify work done without necessary permission or consent. If you have a mortgage, you must get your lender's permission and you must check that there are no restrictions in your title deeds on converting your home. You must also notify your home-contents insurer before you convert. You will have to agree a change in the terms of your buildings insurance for the part of your home you retain for your own use and take out separate commercial buildings insurance for the part that you convert and rent out.

If the flat is entirely self-contained and you later sell the house, you may not be able to claim exemption from capital gains tax on any increase in the value of the flat. Therefore, you should retain some form of access to it from your part of the house.

If you plan to convert and rent out part of your home, you should take legal advice at the outset. Either consult your own solicitor or contact the Law Society, in England and Wales, or the Law Society of Scotland for details of local solicitors who deal with landlord and tenant matters.
7.3.3 Sub-dividing and Selling

You can raise capital by converting part of your house into a separate self-contained flat and then selling it off. In effect, you are releasing part of an asset that you can then invest to provide capital growth or income or both. The practicalities of this route are beyond the scope of this book but you will need to balance the costs of the conversion work, advertising and marketing, and conveyancing, plus the decrease in the value of the part of the house you retain against the capital released and its potential to boost your retirement income. Simply moving to a smaller house may be a more practical way of achieving this aim.

As with converting and renting out, you should take legal and professional advice at the outset (see 7.3.2).

7.3.4 Home Income Plans and Home Reversion Schemes

If you are an older home owner (69 or over) and have paid off your mortgage, these can provide you with extra income or capital.

Home income plans (also known as mortgage annuity schemes) provide you with a monthly income for life while still owning and living in your home. You take out a mortgage loan on your home and use it to buy an annuity which provides a monthly income. Interest payments on the loan are deducted from the monthly income and you can get tax relief on the interest payments on a loan of up to £30,000 at the basic rate of tax, i.e., 23 per cent rather than the 10 per cent relief (from April 1998) on a normal mortgage. The capital is repaid from the proceeds of the sale of your home, usually after you and your spouse or partner die.

With a home reversion scheme, you sell all or part of your home to a private reversion company. In return, you can receive a cash lump sum or a monthly annuity income. You can remain in your home rent free or for a nominal monthly rent for the rest of your life. When the property is sold, usually after your death, the reversion company receives all or part of the proceeds of the sale, depending on how much you sold them at the outset. If you sell only part of your home to the reversion company, you will receive a correspondingly smaller lump sum or lower monthly income than if you sold them all of it.
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However, when it is eventually sold, you or your heirs will benefit from any increase in the value of the proportion your retained.

Before you consider either of these options, you must take independent legal and financial advice (see 3.5).

Further information on this subject is contained in fact sheet 12, *Raising income or capital from your home*, which is available free from Age Concern. Age Concern also publishes a book, *Using your home as capital*, by Cecil Hinton, price £4.95, including postage and packing. The book gives more detailed advice about these and other schemes and includes information on interest rates, how state benefits are affected and how the schemes are taxed.

7.4 LIVING WITH RELATIVES OR FRIENDS

Living with relatives or friends has its advantages and disadvantages. While you are fit and active, you can contribute to the running of the house. Should you become ill or frail, then help is at hand. However, unless you are clear about arrangements for sharing space, money and responsibilities you could run into problems. The sorts of issues you should clarify before you enter this type of arrangement include:

- If there is a payment of rent, it should be a formal arrangement that covers how much will be paid, when it will be paid and what it covers, for example, telephone and fuel costs.

- If money is spent on conversion or adaptation work, who pays what and how any payments can be reimbursed if the arrangement is later terminated for one reason or another.

- Who is responsible for practical activities, such as shopping, cleaning, baby-sitting, looking after the house while someone is away.

- Keeping pets.

- Having guests to stay.

The arrangement could be that relatives or friends move into your home to live with you as a family, or into a self-contained flat which
is part of your home. Or you could move to live with relatives or friends on the same basis. If there are any conversion or adaptation costs involved, ask about the possibility of financial help before any work is started (see 7.2.5 and 7.2.6).

While this type of arrangement is generally informal, you should get advice before entering it on your rights and obligations as a landlord or a tenant (see also 7.3.2), and whether it could affect your entitlement to state benefits or rebates. Advice may be available from the housing department of your council, from a solicitor or a citizens’ advice bureau. You could consult your own solicitor or contact the Law Society, in England and Wales, or the Law Society of Scotland for details of local solicitors who deal with landlord and tenant matters.

7.5 SHELTERED HOUSING

Sheltered or retirement housing provides a half-way house between full independence and residential accommodation. There has been a huge growth in the availability of sheltered housing, particularly since the private sector discovered a new and expanding demand for purpose-built sheltered homes. In the public sector, local authorities and voluntary organisations, often in partnership, provide accommodation for rent mainly for their tenants and for those with insufficient capital to buy sheltered housing.

Sheltered housing covers a wide range of accommodation but usually means accommodation with a resident or non-resident warden, an emergency alarm system, optional meals, and communal facilities, such as a laundry, living rooms and a garden. It may also include guest accommodation and offer services such as those provided by a visiting chiropodist and a hairdresser.

If you consider this option, you should satisfy yourself on a number of points:

- Will the house you have in mind meet your needs now and in the future?
- Can you afford the initial costs, such as legal fees, selling your current house and removals?
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- Can you afford the service charges and what control do you have over arrangements for varying them?
- What happens if you become less able to look after yourself?
- Do you have to contribute to a contingency or sinking fund for major repairs?
- What powers do you and other owners have to appoint your own agent or factor if the agent or factor fails to fulfil his or her obligations?

For further information, the following fact sheets are available free from Age Concern: 2 Sheltered and retirement housing for sale and 8 Rented accommodation for older people.

7.6 RESIDENTIAL AND NURSING CARE

You may not have living in a residential or nursing home as part of your plans or goals but, to be realistic, you should consider this as a possibility at some time in the future.

If the circumstances do arise and you consider this option, you should never enter a residential or nursing home without first visiting it and asking questions so that you are clear about the terms and conditions under which you would be living there. Ask:

- whether you will be given a written contract setting out the terms and conditions of your residence and the procedures for making a complaint;
- who keeps control of your money and benefit books;
- what would happen if the home was to close down.

If you are not satisfied with the answers, consider another establishment. Before you make a final decision, arrange for a short stay to find out whether the accommodation, facilities and services will meet your needs.

7.6.1 Residential Care Homes

A residential care home will provide accommodation, meals and personal care if you are elderly or disabled, or cannot manage at
home because of some other condition. They are run by local authorities, voluntary organisations and private companies. Homes run by voluntary organisations or privately are normally registered with the local authority, but some types of homes do not have to be registered.

Accommodation usually comprises a bedroom plus communal dining and living rooms and a garden. Services include all meals, cleaning, the constant availability of care staff for whatever help is needed, and services such as those provided by a visiting chiropodist and a hairdresser. Intensive nursing care is not usually provided. While most homes are fully furnished, you can usually have your own small items of furniture and a television in your room if you wish.

7.6.2 Nursing Homes

A nursing home will provide accommodation, meals and nursing care if you are elderly or disabled or need a high level of attention because you can no longer live at home, but do not need to be in hospital. Nursing homes have medical supervision and provide fully-qualified nursing care 24 hours a day. Most homes are run by private companies or voluntary organisations. They are normally registered with the local health authority, in England and Wales, or health board, in Scotland, but some special types of home do not have to be registered.

7.6.3 Financial Assistance with Residential and Nursing Home Care

If you think you may need residential or nursing home care but are unable to afford your own private arrangement, you should contact your local social services department, in England and Wales, or social work department, in Scotland. You should also contact them if you need support in order to continue to live at home. Under the NHS and Community Care Act 1990, the local authority has a duty to carry out an assessment of your needs for community care services.

The social services or social work department will look at the kind of help you need and if they advise that you should go into a residential or nursing home, will help you to choose a home that best suits your needs. The department will normally arrange to pay the home’s fees,
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look at your income, including Social Security benefits, and how much capital you have and work out how much you should contribute to the costs.

You may be able to get Income Support while living in a residential or nursing home. If you live there permanently and your partner does not live there with you, your entitlement will normally be assessed separately. Your partner may be expected to contribute to your costs, depending on his or her savings and income.

If you are permanently resident, normally you can only get Income Support if you have capital worth £16,000 or less. Between £10,001 and £16,000, deductions are made from weekly benefit on a sliding scale. If you are a temporary resident, you can only get Income Support if your capital is £8,000 or less. Between £3,001 and £8,000, deductions are made from weekly benefit on a sliding scale.

Your capital includes any money held by you in any form, for example, cash, bank and building society accounts, shares, and so on. It can also include the value of your former home, although this can be ignored in some circumstances, for example, if your partner still lives there or a relative who is aged 60 or over who is incapacitated still lives there.

7.6.4 Further Information

Further information on residential and nursing care homes is available in the following fact sheets which are available free from Age Concern:

10 Local authority charging procedures for residential and nursing home care
32 Disability and ageing: your rights to social services
29 Finding residential and nursing home accommodation
38 Treatment of the former home as capital for people in residential and nursing homes
39 Paying for care in a residential or nursing home if you have a partner
40 Transfer of assets and paying for care in a residential or nursing home
41 Local authority assessments for community care services
Fact sheet 22, *Legal arrangements for managing financial affairs*, provides guidance on managing your financial affairs, either on a temporary or permanent basis, if you need help with the collection of benefits or the management of your financial affairs.

A book, *Residential Care. Options for Later Life*, by Rosemary Bland, price £5.99, is published by Age Concern and The Stationery Office and is available from bookshops. It deals in a straightforward question and answer style with the background to making the difficult decision about whether to move to a residential care home.

For further information on help with the costs, see the leaflet IS50 *Income Support: help if you live in a residential care home or nursing home*, which is available from the Benefits Agency.
Death

At some point, your life will end. Before that your spouse or partner may die, and it may happen sooner rather than later. Accepting that this is inevitable and making plans to deal with the immediate and longer term consequences can help you or those you leave behind to make the many decisions and arrangements that need to be made at a time of great personal distress.

Contact details and addresses not given in the text can be found in the appendix.

8.1 MAKING A WILL

If you are past your mid-30s or if you are married or have children or both, you should make a will. This will spare your family the unnecessary legal complications that arise if you die intestate, i.e., without leaving a will.

A will is a written statement of what you want to happen to your possessions after your death, who you want to appoint as executor to settle your affairs and, if necessary, who you want to be the guardian of your children. You can include your wishes about your funeral and your burial or cremation, although your family can over-ride these.

Your possessions at the time of your death make up your estate. This includes land or buildings, moveable property, money, investments, and so on, and any debts and money owed to you, including money in the bank and insurance money.

Whatever your will says, your surviving spouse or children can, if they wish, claim ‘legal rights’ to a proportion of your property (in Scotland, this excludes buildings and land). These legal rights are provided by The Inheritance (Provision for Family and Dependants) Act 1975, in England and Wales, and by the Succession (Scotland) Act 1964, in Scotland. A leaflet, Rights of succession: a brief guide to the Succession (Scotland) Act 1964, is available from citizens' advice bureaux in Scotland.
The person you appoint to deal with the administration of your estate is your executor. Your executor has to ensure that your estate is dealt with in terms of the law and your will.

Your will should name:

- your executors, and set out their general rights and duties, including the paying of all debts;
- your beneficiaries – the persons or organisations who are to inherit all or part of your estate.

You can also include:

- legacies and bequests – gifts of property or money to go to certain individuals or organisations, such as a charity;
- trusts – property or money held by your executors or by trustees nominated by you, usually for a number of years, for the benefit of specific beneficiaries;
- provisions to deal with potential inheritance tax liability.

Your will should also make provision for a gift of the residue left over after all named gifts have been disposed of. The residue is all of your estate after all other matters, including legacies, bequests, trusts and all expenses, have been dealt with. It is usual for the residue to be divided among the main beneficiaries.

You can have your will made by a solicitor. If you do not already have one, then ask a relative or friend to recommend one, or you can look up the Yellow Pages or consult the solicitors’ register in your local library. Alternatively, you can ask at your local citizens’ advice bureau or write to or phone the Law Society or the Law Society of Scotland and they will provide you with the names and addresses of solicitors in your area. The Law Society publishes a leaflet on making a will during their Make a Will Week in October each year, and the Law Society of Scotland will send you a brochure, Making a will.

It is not necessary to go to a solicitor to make your will. In England and Wales, you can make a valid will on your own, either in your own handwriting or typed, provided it is signed, dated and witnessed. In
Scotland, you can make a valid will on your own, provided it is all in your own handwriting and is signed and dated (this is known as a holograph will). However, after your death, your handwriting must be formally identified. In either form, if you make any mistakes, for example, by failing to make your wishes clear or not saying who is to get the residue, the beneficiaries may find it necessary to apply to a court to decide who gets what.

You can also complete a will form that you can purchase from some stationers. Care should be taken when using such a form which may not be appropriate to your circumstances. The form must be intended for use in the country in which you are resident, i.e., in England or Wales, or in Scotland, or it may not meet the legal requirements.

If you are visually impaired, the Royal National Institute for the Blind, Wills and Legacies Advisory Service, 224 Great Portland Street, London W1N 6AA, tel: 0171 388 1266, offers free, confidential advice and provides a range of free leaflets which are available in standard print, large print, tape and braille. They will also transcribe your will into braille. Their advice and information covers English and Scots law and the leaflets are also available in Welsh.

8.1.1 Intestacy
If you do not make a valid will there are special rules on how your estate must be distributed after your death. These rules are laid down in the Administration of Estates Act 1925, in England and Wales, and the Succession (Scotland) Act 1964, and are adjusted from time to time to allow for inflation. In Scotland, the leaflet, Rights of succession: a brief guide to the Succession (Scotland) Act 1964, is available from citizens’ advice bureaux and information on the current rules is available from your local sheriff court.

8.2 ARRANGING YOUR AFFAIRS
As you get older, the chances of you becoming less able or unable to manage your affairs increases. It makes sense to plan ahead to avoid some of the problems this may cause.
8.2.1 Personal Assets Record

Problems with finding vital documents such as your will, insurance and pensions policies and certificates can be avoided by keeping a record of them and where they are kept. You should record your own and your solicitor's contact details, where your will is kept, with its date of making and of any codicils (or amendments to the original will), and contact details of your executors. You can also record the names of your bank and mortgage lender, where the title deeds to your home are kept, and list policies, certificates, etc., and where they can be found or where they are held.

A form of record, *Instructions for my next of kin and executors upon my death*, is available from Age Concern.

If you keep a record, you should keep it up to date and make sure that someone, such as your spouse, solicitor or executor knows where to find it.

8.2.2 Joint Accounts

If you and your spouse or partner have joint bank or building society accounts on which either one of you may transact and if one of you was to die, the surviving partner would normally be able to continue to operate the account. However, if one of you were to become incapable through accident or illness, then the mandate permitting either of you to operate on the account becomes void and the bank or building society may freeze operations on the account, although essential standing orders or direct debits, such as those for life insurance policies, would normally continue to be paid. To avoid any complications, should these circumstances arise, you should discuss the matter in advance with your bank or building society. Granting a power of attorney to someone you trust may be a solution (see 8.2.3).

8.2.3 Power of Attorney

If at some time in the future, you suffer from a mental disability through injury, illness or dementia you may, in the eyes of the law, lose the capacity to make legally-binding agreements. However, you may still have to be involved in legal transactions, such as paying your rent or
mortgage and operating your bank account. In these circumstances, it will be necessary for someone to manage your welfare and finances: a court could appoint a receiver, in England and Wales, or a *curator bonis*, in Scotland, to manage your financial affairs; a person without legal authority could intervene on your behalf, but only if it was reasonable to assume that you would have authorised the intervention and it was urgent; and someone could act as your ‘appointee’ to deal with Social Security benefits only. However, in arranging your affairs, you should consider granting power of attorney to a relative, close friend or your solicitor while you are fully mentally capable. The advantage of choosing a solicitor is that he or she will also be able to deal with any tax or legal matters. You should get estimates of the fees involved.

Power of attorney is a legal authorisation by you to another person or persons (the attorney) to do certain specified things on your behalf. It is less formal, quicker, cheaper and easier to arrange than a receivership or a *curator bonis*, and it is proof to a third party, for example, your bank, that the attorney is acting on your behalf.

**England and Wales**

You can grant an ordinary power of attorney for someone to act on your behalf while you are physically incapable of managing your affairs, or an enduring power of attorney (EPA) for someone to act on your behalf should you at some time in the future become unable to manage your affairs.

An ordinary power of attorney is only valid while you are capable of supervising the attorney’s behaviour. An EPA can only be made while you are fully capable of understanding the nature and effect of creating the enduring power. The EPA comes into effect immediately on execution, and operates as an ordinary power, unless you specify in the document that it should only come into effect when the you become incapable of managing your affairs, and the power needs to be registered.

An EPA must be made on the form prescribed by the Enduring Power of Attorney (Prescribed Form) Regulations 1990. You can buy a form from a legal stationers or have one prepared by a solicitor. The
form must be registered with the Public Trust Office by the attorney as soon as you become, or are becoming, incapable of managing your own affairs. For information and advice on EPA and for assistance with registering it, contact the Customer Services Unit (Mental Health), Protection Division, Public Trust Office, Stewart House, 24 Kingsway, London WC2B 6JX, tel: 0171 664 7300. The Public Trust Office will also send a free leaflet on EPA.

**Scotland**

You can grant power of attorney as long as you are fully mentally capable of understanding the nature and effects of granting the power. It is created by signing a legal document, which should be prepared by a solicitor only on your instructions. It does not stop you continuing to act on your own behalf. It merely grants your attorney the power to do so as well. An attorney can only do those things expressly authorised by the attorney document and abuse of power of attorney may be both a criminal offence and a civil wrong. The disadvantage of power of attorney is that once granted, there is no legal process to supervise the attorney's behaviour and if you are suffering from a mental disability you may be unable to do so yourself.

Most solicitors will advise you about power of attorney and prepare the necessary document. Legal aid may be available under the advice and assistance scheme.

Fact sheet 22 *Legal arrangements for managing your financial affairs* is available free from Age Concern, in different versions for use in England and Wales and in Scotland.

Further information about power of attorney in Scotland is also available in the leaflet *Powers of attorney: a guide for the mentally disabled and their carers*, which is available free from the Legal Services Agency Ltd, 3rd Floor, Fleming House, 134 Renfrew Street, Glasgow G3 6ST, tel: 0141 353 3354 or 18 Walker Street, Edinburgh EH3 7LP, tel: 0131 225 2343.

**8.2.4 Making an Advance Statement**

You may prefer not to think about illness or death but worry about what might happen to you in hospital if you become unable to make
decisions for yourself because of some mental or physical incapacity due to an accident or illness. If this is a worry to you, you can make an advance statement, often referred to as a living will, that lets people know about the future medical treatment you would like to have or wish to refuse if you are in a condition that prevents you from making your views known. However, doctors cannot be forced to give you treatment against their clinical judgement.

You can make an advance statement:

- When you are in good health. This is a general statement about how you would wish to be treated in certain conditions and circumstances.
- At a time when you are faced with a serious diagnosis and various treatment options.
- Nominating someone you trust to be consulted about treatment decisions. This person must know what you would find acceptable and unacceptable. However, there is no legal authority for this, so doctors would not be obliged to consult or take account of the views of a 'proxy' decision-maker.

You can make any or all of these types of advance statement. The advantages and disadvantages of making an advance statement and the requirements for drawing up a clear, unambiguous and legally-binding statement of your views are beyond the scope of this book. The Patients Association publishes Advance statements about future medical treatment: a guide for patients, price £7.26 including postage and packing, which is available from the Patients Association, 8 Guilford Street, London WC1N 1DT, tel: 0171 242 3460. The guide is produced in collaboration with the British Medical Association and is intended to help you decide whether to make an advance statement by presenting arguments both for and against such a statement. If you wish to make a statement, it gives practical advice on how to go about it in order to make your views as clear as possible.

8.2.5 Organ Donation

Death and organ donation can be difficult issues to think about, let alone talk about. They may be even more difficult later for your relatives
and medical staff. If you wish to donate your organs after your death, you can add your name to the NHS Organ Donor Register. The register is held on a central computer database which is designed to bring donors and transplant recipients together quickly. It also makes it easier for your relatives to accept organ donation if they know you have registered.

Anyone can be a donor in the right circumstances, even elderly people or people who have had various diseases. Any hospital treatment you receive will not be compromised as the medical staff who treat you are not involved in the transplant process.

You can join the register by completing and returning the form in a leaflet which is available from GP surgeries or you can get a leaflet and form by phoning 0800 55 57 77 free of charge. Legally, your relatives do not have to consent to organ donation but in practice doctors will ask them, so you should tell your family if you register.

For more information about organ donation or transplantation, write to UKTSSA, Fox Den Road, Stoke Gifford, Bristol BS12 6RR.

8.2.6 Body Donation for Medical Teaching

You can donate your body for medical teaching purposes after your death. To arrange this, in the London area contact the London Anatomy Office, tel: 0181 981 9390, or outside London contact the anatomy department of a university medical school, and they will advise you on the procedure. If you have difficulty in contacting them or have any other queries, contact HM Inspector of Anatomy, tel: 0171 972 4342. If you make such an arrangement, you should make a written statement of your intention and keep it with your personal papers (see 8.2.1).

Before a body can be accepted for teaching purposes, several factors will be considered, including the extent of demand in the medical school. In normal circumstances, the costs of removing a body, and burying or cremating it are borne by the medical school. A body used for teaching purposes will normally be cremated or buried within three years at a special memorial service.
8.2.7  Funeral Planning

If you make plans for your own eventual funeral, you should ensure that whoever is organising it knows what you have planned and what you want. It is not enough to request a particular type of ceremony, burial or cremation, in your will as this may not be read in time to make arrangements. Tell your partner, family or executor of your wishes and you could also make a note of them in your personal assets record (see 8.2.1).

Pre-paid Funeral Plans

If you invest enough money now to pay for a funeral at current costs, this would probably be enough to pay for your eventual funeral. You can also take out a pre-paid plan with one of a number of the following organisations which combine planning with an insurance policy that covers the costs.

Age Concern Funeral Plan, Freepost SEA3369, East Grinstead RH19 1BR, freephone 0800 38 77 18.

Co-operative Funeral Bond, Funeral Bond Office, Co-operative Funeral Services, 119 Paisley Road, Glasgow G5 8RL, freephone 0800 28 91 20.

Funeral Planning Trust. Details are available from funeral directors who offer plans supported by the trust or from Funeral Planning Service, Freepost IH4150, Flint House, Ipswich Road, Long Stratton, Norwich NR15 2ZZ, freephone 0800 41 30 46.

Golden Charter Ltd, Melville House, 70 Drymen Road, Glasgow G61 2RP, freephone 0800 83 38 00.

Perfect Assurance Funeral Trust. Details are available from members of the National Association of Funeral Directors or Perfect Assurance Funeral Trust, 618 Warwick Road, Solihull, West Midlands B91 1AA, tel: 0121 709 0019.

Most Co-operative Societies offer some form of pre-payment plan. For details, contact a local branch (see under ‘Co-operative’ in the Phone Book).

In choosing a scheme, you should compare between schemes:

- the price;
- the specification of your chosen funeral;
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- whether you have a choice of funeral director;
- what is and what is not covered, in particular whether all disbursements, such as doctor’s fees, cremation service fee, the cost of a burial plot or lair, are included in the price guarantee or, if not, what their likely costs are;
- whether the funds are held in trust, with independent trustees.

You should be aware that if you are in receipt of a means-tested benefit, such as Income Support, Housing Benefit or Council Tax Benefit, a funeral plan that is fully refundable could be considered as part of your savings and affect the amount of benefit you receive.

Age Concern produces a free fact sheet, *27 Arranging a funeral*, which is designed to help those who wish to plan their own funeral.

**Religious Funerals**

If you want a religious funeral service, you should discuss this with a minister, priest or other clergyman. If you do not have a live church connection, you can establish one by contacting a local church or religious organisation of your choosing.

**Non-religious Funerals**

The British Humanist Association provides non-religious funerals by local trained officiants who aim to celebrate your life through a full tribute, readings and music. They may be cremations or burials and have the same status in civil law as religious ceremonies. You can contact the Association on their national helpline: 0990 168 122 (mobile phones will not connect).

**8.3 WHAT TO DO IF YOUR SPOUSE OR PARTNER DIES**

**8.3.1 Things to Do First**

If the death occurs at home, the first things you should do are:

- contact your family doctor, immediately if the organs are to be donated for transplant (see 8.2.5) or the body for medical teaching (see 8.2.6);
contact the police if the death was violent, accidental or if there were unusual circumstances or if the cause of death is not known for certain. If you call the police, do not touch anything;

- if appropriate, contact your relevant minister of religion, priest or clergyman.

If the death occurs in hospital, the charge nurse or the police (if the death was accidental) will tell you. You will be expected to go to the hospital to:

- identify the body, if your spouse or partner was not a patient of the hospital;
- obtain a death certificate and, if necessary, give permission for a post-mortem;
- take away any personal possessions;
- tell the charge nurse without delay if the body or any organs are to be donated for transplant or medical research.

You should also:

- contact a funeral director who will arrange for the laying out of the body;
- find out if there is a will, and if so, where it is and who is responsible for dealing with it.

You have lawful possession of the body after death. However, in cases that are being investigated, the coroner, in England and Wales, or the procurator fiscal, in Scotland, has lawful possession. You can over-ride your spouse or partner’s wishes on the disposal of the body.

8.3.2 Getting a Medical Certificate

If the death occurred at home your family doctor will issue a certificate of the cause of death, provided there are no unusual circumstances. This will be needed when registering the death.

If the death occurred in hospital, the hospital will issue the certificate. There may be a post-mortem examination to determine the cause of death, provided you agree.
You must get a cremation certificate if the body is to be cremated. The doctor will arrange for the signature of the second doctor required to complete the certificate. Doctors charge a fee for issuing a cremation certificate.

Sometimes, if the cause of death is not clear, the doctor or hospital will report the death to the coroner, in England and Wales, or the procurator fiscal, in Scotland.

8.3.3 How to Register the Death

The death must be registered within five days in England and Wales, or within eight days in Scotland, by the registrar of births, marriages and deaths. You can get the address of the local registrar from the funeral director, the hospital or doctor or the Phone Book (see under ‘Registration of Births, Deaths and Marriages’). If the death has been referred to the coroner, it cannot be registered until the registrar has received authority from the coroner to do so.

Although a burial can take place before the registration, a cremation can only take place after the death has been registered.

The death can be registered by any relative, any person present at the death, the executor or other legal representative, the occupier of the premises where the death occurred or any other person with the information required for registration.

You can register it either in the registration district where the death occurred or, if the deceased was resident in England, Wales or Scotland immediately before his or her death, in that district.

You should take with you:

- the medical certificate of cause of death;
- any pension book or documents relating to a state pension or Social Security benefit that the deceased was receiving;
- the deceased’s NHS medical card, if available;
- the deceased’s birth certificate and your marriage certificate, if available.

The registrar will give you:
a certificate for burial or cremation, in England and Wales, or a certificate of registration of death, in Scotland. These are free of charge. Take this to the funeral director;

a certificate of registration of death (form BD8(rev), also free of charge), if required for national insurance purposes. Take this to the Benefits Agency if you wish to claim benefits;

any extra certificates that you require for pension, savings bank or certain other purposes. There is a charge for these.

If the death occurs abroad, you should:

- register the death according to local regulations in the country and get a certificate of death;

- register the death with the British consul so that a record of the death will be kept in the deceased's country of residence. You can get a copy of the death certificate later from the Overseas Registration Section, Smedley Hydro, Trafalgar Road, Birkdale, Southport PR8 2HH, for someone who was resident in England or Wales, or from the General Register Office for Scotland, New Register House, Edinburgh EH1 3YT, tel: 0131 334 0380, for someone who was resident in Scotland.

8.3.4 Other Things that Need to be Done

You should return:

- any order books, payable orders or giro cheques to the Benefits Agency (if you think that the deceased was due any outstanding Social Security payments, ask the Benefits Agency how to claim these);

- the passport to the Passport Agency – to find out which regional office you should send it to, phone 0990 210 410;

- the driving licence to DVLA, Swansea SA99 1AB;

- the registration document of a car, for the change of ownership to be recorded;
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- any season tickets and membership cards and claim any refund due;
- library books and tickets.

Enclose a note of explanation with the date of death with each of these documents.

You should tell:

- the social services department, in England and Wales, or the social work department, in Scotland, if the deceased was receiving any services from them or had an appliance or aid issued by them;
- any hospital the deceased had been attending;
- the deceased's employer and trade union if he or she was employed;
- the deceased's bank.

The Inland Revenue must be informed. This is normally done by the deceased's executor or personal representative. If you intend to act as the personal representative, you must first get legal recognition by obtaining probate, in England and Wales, or confirmation to the estate, in Scotland, before the tax office will deal with you.

To obtain probate in England and Wales, the local probate registry provides the necessary forms and a leaflet, How to obtain probate (Form PA2), which tells you how to complete the relevant forms. You can find the address of your local probate registry from your local library or from The Principal Registry – England, tel: 0171 936 6983 (for forms) and 0171 936 7459/6939 (for information), or Wales, tel: 01222 376479.

For information and advice about confirmation to the estate in Scotland, contact the sheriff clerk at your local sheriff court.

8.3.5 Help from Social Security
If you were married, you may qualify for certain Social Security benefits, or extra benefit, following the death of your spouse. This also applies
if you had or could establish under Scots law a marriage by cohabitation with habit and repute.

If you become a widow and your late husband had met the necessary national insurance contributions conditions, you are likely to receive a single, tax-free Widow’s Payment (currently £1,000) immediately on widowhood, and some form of (taxable) weekly widow’s benefit. The amount of widow’s benefit payable depends on such things as your age at the date of your husband’s death and whether you had any dependent children. Exceptions to the above include:

- Widow’s Payment is only payable to a widow aged 60 or over if her husband was not entitled to the state retirement pension.

- Widows who are under the age of 45 and have no dependent children are not entitled to a weekly widow’s benefit (unless the widow was expecting her late husband’s child).

- Widow’s benefits are not payable while a widow is living with a man as his wife, or following remarriage.

If you and your spouse were both receiving state retirement pension, you may ‘inherit’ part of your late partner’s pension, so giving you a higher rate of retirement pension. If you had not reached state retirement age, and on doing so find that your pension entitlement based on your own national insurance contribution record falls below the full rate, you may be able to use part of your late partner’s record to improve your entitlement. This will be considered when the Benefits Agency is deciding your pension claim.

In addition to income-related benefits, such as Income Support, Housing Benefit and Council Tax Benefit which may be payable if you have a low income, other kinds of help which may be available following a partner’s death include:

- help with paying funeral expenses (see 8.4.4) (get claim pack SF200 from the Benefits Agency);

- extra Child Benefit if you are bringing up a child alone and are not entitled to any widow’s benefit;
War Widow's/Widower's Pension (if your partner was a war pensioner).

8.3.6 Further Information
You will find more detailed information in the booklets D49 What to do after a death in England and Wales, D49 S What to do after a death in Scotland: Social Security supplement, NP45 A guide to widows' benefits and NP46 A guide to retirement pensions, which you can get from the Benefits Agency, and WPA-Leaflet-1 Notes about War Disablement and War Widow's Pension, which you can get from the War Pensions Agency.

For further information on what to do after a death in Scotland, you can get the booklet, What to do after a death in Scotland from The Scottish Office, Home Department, VI Spur, Saughton House, Broomhouse Drive, Edinburgh EH11 3XD, tel: 0131 244 3458, or from a citizens' advice bureau.

The booklet IR45 What to do about tax when someone dies, which you can get from any tax office, explains the tax consequences that arise when someone dies. It gives information about income tax, capital gains tax and inheritance tax. There are sections about the responsibilities of personal representatives and trustees, and about the tax treatment of beneficiaries.

8.4 ARRANGING A FUNERAL
8.4.1 Planning the Funeral
If your spouse or partner dies without leaving specific instructions about burial or cremation, this decision is normally taken by you or an executor. Although it is usual to carry out any specific instructions, you are not legally bound to do so.

Some decisions about a funeral have to be made fairly soon after someone dies. However, you should not make final arrangements until you are sure that the death does not have to be reported to the coroner, in England and Wales, or the procurator fiscal, in Scotland. You could arrange a funeral yourself but you will probably find that the services of a funeral director will make the whole
process less stressful. You will find a listing of funeral directors in the Yellow Pages.

A funeral director will take full responsibility for organising and providing all that is needed for a funeral and some will also offer a bereavement care service if you require it. One of the early decisions you will have to make will be the type of funeral and how much money is to be spent on it. You may wish to obtain estimates from at least two funeral directors. A funeral director who is a member of the National Association of Funeral Directors or the Funeral Standards Council must give you a full estimate when you first make enquiries. You should ask the funeral director for a price list of the different types of funeral he or she can provide. These will range from a basic funeral with a simple coffin, a hearse and a car to an elaborate arrangement with a wooden casket, a hearse and limousines costing a great deal of money. The price quoted will usually be an inclusive fee for the director's services according to the type of funeral you choose. It will include fees paid on your behalf and fees for the director's services in removing the body, preparation and arrangements, use of a chapel of rest, coffin, hearse, limousine, and so on.

8.4.2 The Funeral Service
You do not have to have a service in a church. It can be held in a churchyard, cemetery or crematorium. If you want a religious service, you should contact a minister, priest or clergyman as soon as possible (see also, 8.2.7 religious funerals). If you do not already know one, the funeral director will usually advise and may be able to arrange for one to officiate at the service.

If you would prefer a non-religious service or your spouse or partner expressed this wish, the British Humanist Association will put you in touch with a local officiant (see 8.2.7 non-religious funerals).

8.4.3 Cremation or Burial
Cremation is cheaper than a burial and a burial in a churchyard is cheaper than in a local authority cemetery. In the spring of 1997, the average cost of a burial in Britain was £1,503 and of a cremation £1,024. If your spouse or partner had not already paid for a burial
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plot or a lair in a churchyard or cemetery, you will have to buy one. The funeral director will tell you how to go about this.

The stipend for a minister and organist are fixed by the church and will be the same for a burial or cremation. If you arrange a non-religious service, the officiant's fee will be negotiated with the funeral director.

8.4.4 Help with Funeral Costs

If you are getting Income Support, Family Credit, Disability Working Allowance, Council Tax Benefit, Housing Benefit or Income-based Jobseeker's Allowance and you or your partner have to arrange a funeral, you may be eligible for a Funeral Payment from the Social Fund to help with the cost. The person who has died must have been resident in the United Kingdom at the date of death and the funeral must take place in the United Kingdom. You must claim, using claim pack SF200, within three months of the date of the funeral. A Funeral Payment will cover the costs of a simple, respectful, low-cost funeral and will include all necessary burial or cremation costs, and up to £600 for any other funeral expenses. If you get a Funeral Payment, you will have to pay money back to the Social Fund from any estate left by the deceased. For further information, see the booklets SB16 A guide to the Social Fund and SFL2 How the Social Fund can help you, which you can get from the Benefits Agency.

When a War Pensioner dies, the War Pensions Agency may be able to help with the cost of a basic funeral in certain circumstances. Further information on this and other benefits under the War Pensions scheme are contained in WPA-Leaflet-1 Notes about War Disablement and War Widow's Pension, which you can get from the War Pensions Agency (see also, 8.3.5).

Age Concern produces a free fact sheet 27 Arranging a funeral, which is designed to help those who have to organise a funeral.

8.5 Rebuilding Your Life After a Bereavement

The death of your spouse or partner will alter the course of your life. Your initial feelings may be dominated by money problems, loneliness,
a loss of a sense of purpose and perhaps anger against your partner for dying. Bereavement is a complex process that has to be worked through until you reach a point where your life resumes a positive direction. Your family and friends are an important source of support but their reactions may appear indifferent or more embarrassed than sympathetic. In addition to family and friends, and your local religious community if you are involved in one, there are a number of organisations that offer advice, support and counselling should you require it.

Age Concern has local member groups throughout the country that run autonomous services in their areas. These may include visiting schemes, information and counselling services. For details of a local group that may be able to help, contact Age Concern England, Age Concern Cymru or Age Concern Scotland.

Cruse – Bereavement Care, 126 Sheen Road, Richmond, Surrey TW9 1UR, tel: 0181 940 4818 or helpline: 0181 332 7227 (9.30 a.m. to 5.00 p.m., Monday to Friday), or the Scottish Headquarters, 33–35 Boswall Parkway, Edinburgh EH5 2BR, tel: 0131 551 1511, has local branches that can help after a bereavement, irrespective of age, sex or religion. Trained counsellors will usually visit you in your home and you can join one of the friendship groups that specialise in different kinds of death.

The Lesbian and Gay Bereavement Project, c/o Colindale Hospital, London NW9 5HG, tel: 0181 455 8894, offers support and advice to lesbians and gay men bereaved by the death of a same-sex partner, and may be able to help you find a sympathetic local minister or secular officiant. The Strathclyde Lesbian and Gay Switchboard, tel: 0141 332 8372, and the Scottish Homosexual Rights Group, 58a Broughton Street, Edinburgh EH1 3SA, tel: 0131 557 3620, offer telephone advice and counselling.

London Lighthouse, 111–117 Lancaster Road, London W11 1QT, tel: 0171 792 1200, is Britain's largest residential and support centre for men and women affected by HIV and AIDS.

The National Association of Bereavement Services, 20 Norton Folgate, London E1 6DB, tel: 0171 247 1080 (24 hours), can advise on types of support and put you in touch with local counsellors.
The Royal British Legion, 48 Pall Mall, London SW1Y 4JY, tel: 0171 973 0633, gives free advice and representation to serving and ex-
Servicemen and women, their spouses and dependants.

The Samaritans offer someone you can talk to and who will give
you support. Branches are open 24 hours a day (look up ‘Samaritans’
in the Phone Book).

SSFA (Soldiers’, Sailors’ and Airmens’ Families Association), Queen
Elizabeth the Queen Mother House, 19 Queen Elizabeth Street, London
SE1 2LP, tel: 0171 403 8783 (or look in the Phone Book for a local
branch), can help anyone who has served in the Armed Forces, or
their family, from branches throughout the United Kingdom.
Appendix  Addresses and Contacts not Given in the Text

Age Concern. As the law and service provision in England and Wales differs from that in Scotland, this affects some of the fact sheets mentioned in this book. Readers in England should contact Age Concern England, Astral House, 1268 London Road, London SW16 4ER, tel: 0181 679 8000, textphone 0181 679 2832; readers in Wales should contact Age Concern Cymru, 4th Floor, 1 Cathedral Road, Cardiff CF1 9SD, tel: 01222 371566; and readers in Scotland should contact Age Concern Scotland, 113 Rose Street, Edinburgh EH2 3DT, tel: 0131 220 3345. If you want a number of fact sheets or publications, please send a stamped addressed envelope. You can also visit the Age Concern Internet site on http://www.ace.org.uk

Benefits Agency – see under ‘Benefits Agency’ in the Phone Book.


Business Information Source, 20 Bridge Street, Inverness IV1 1QR, tel: 01463 715400, http://www.bis.uk.com


Citizens’ Advice Bureaux (CAB) – see under ‘Citizens’ Advice Bureaux’ in the Phone Book, or you can get the number of your nearest CAB in England or Wales from the National Association of Citizens’ Advice Bureaux, Myddleton House, 115123 Pentonville Road, London N1 9LZ, tel: 0171 833 2181, and in Scotland from Citizens’ Advice Scotland, 26 George Square, Edinburgh EH8 9LD, tel: 0131 667 0156.

Contributions Agency – see under ‘Contributions Agency’ in the Phone Book.

Councils – see under the name of your local council in the Phone Book.
APPENDIX

Department of the Environment, Transport and the Regions publications are available from DoETR, Blackhorse Road, London SE99 6TT, tel: 0181 691 9191.

Funeral Standards Council, 30 North Road, Cardiff CF1 3DY, tel: 01222 382046.

HomePoint, Scottish Homes, Thistle House, 91 Haymarket Terrace, Edinburgh EH12 5HE, tel: 0131 313 0044.

HM Customs and Excise – see under ‘Customs and Excise’ in the Phone Book.

Inland Revenue leaflets (other than those on inheritance tax) are available from any tax office – see under ‘Inland Revenue’ in the Phone Book.

Jobcentres – see under ‘Jobcentres’ in the Phone Book.


National Association of Funeral Directors, 618 Warwick Road, Solihull, West Midlands B91 1AA, tel: 0121 711 1343.

Scottish Business Shops, freephone 0800 78 78 78, will put you in touch with your local business shop within the Scottish Enterprise network area.

The Scottish Office Development Department, First Floor, Victoria Quay, Edinburgh EH6 6QQ. For information on letting rooms, and tenancies, tel: 0131 244 5517. For information on house improvement and repair grants, tel: 0131 244 0128.

Tax offices – see under ‘Inland Revenue’ in the Phone Book.

War Pensions Agency – see under ‘War Pensions Agency’ in the Phone Book.
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